

Selling Success

Good private treaty sales have made many a Hereford breeder prosper.

by Sara Gugelmeyer

Ever since there have been cattle and cattlemen, there have been private treaty sales. It's as simple as two ranchers shaking hands on the sale of one cow and as complicated as syndicates of individuals buying and selling semen interests. Either way, private treaty sales can be beneficial to buyer and seller.

Keeping it simple

Private treaty sales have many advantages. Just ask Maryland Hereford breeder Sam Hunter, who has been in the private treaty business with SCH Polled Herefords since 1974. "Production sales take a whole lot of work and cost a lot of money," Hunter says. "I can sell these cattle a little cheaper and still



CK Ranch sells about 70 bulls a year, and most are sold to repeat buyers.

be way ahead privately. It's a whole lot simpler just to sell them right here off the farm."

Ray Negus, manager of CK Ranch at Brookville, Kan., explains he became a fan of private treaty sales before he came to work for CK. "I managed a big commercial outfit in Florida, and I bought 50 to 150 bulls a year," Negus says. "My preference was to go where I could buy them private treaty. The reason being I knew what that bull was going to cost before I ever left the house to go look at him. I could ride around with the owner and

look at bulls and the dams they were out of. There wasn't a lot of hoopla going on, so I could make a good decision on what I needed."

CK Ranch, which also raises bulls for its own 600-head commercial cow herd, then switched from an annual production sale to selling private treaty when Negus took over. "We've done it now for 14 years, and it really suits our deal. Selling private treaty is not for everybody, but it works here. We have an excellent customer base; I know all our customers and what their cow herds are. There will be years that we'll sell 70 bulls and only one person will come look."

Mead Cattle Co., Midville, Ga., does things a little differently. The operation, which consists of Tommy, his wife, Robin, and their daughter, Tommie Lynne, hosts a production sale in the spring, mainly for females, but also sells females and bulls private treaty, year-round. "I am not sure it's a philosophy; it's just how it evolved," Mead explains.

"This was a 4-H project that got out of hand. In 1977 we purchased our first 4-H heifer project. Hereford cattle have been my passion ever since, but it's become my livelihood as well," Mead says.

He adds that when they got in the business, they decided to host



Females like these are sale features during the Meads' spring production sale, but are also available year-round.

a production sale because the Hereford bull market was not as strong as it is now and they were not established enough as breeders to make it on private treaty sales alone.

“We had only been in the business 10 or 15 years. The females were what we had to sell out of necessity to pay our bills. We just had to sell enough volume, so that’s when we started having our own on-farm sale.”

Then, Mead says, the market improved along with their marketing skills. Now, the Meads sell about 50 bulls a year private treaty along with some females. He has been approached about putting the majority of the bulls in the sale, but he says, “Until the day comes that I can’t do it private treaty, I don’t see the purpose of it.”

But, Mead isn’t ready to give up his production sale either, saying, “I’m afraid I couldn’t gather enough money. It’s an event that gets people here. My best time for private treaty sales is sale weekend. We will sell more dollars private treaty the day before and the day of the sale as I will any other time with the exception of when somebody comes in and buys eight or 10 bulls, dollars wise. It’s because people are here and they have golf carts and they look at everything. They know everything can be bought.”

Setting the price

Pricing can be a difficulty of private treaty sales. Hunter says, “Everything on the farm is for sale, and they’re priced according to what their value to me is, basically. I know their mothers and grandmothers and great-grandmothers and their genetic potential. With the older cows, I know what they’ve done for me in

the past. I’ve developed a pricing pattern according to the bloodlines of the cattle and their ancestors. I don’t sell any cattle that wouldn’t be profitable for me to keep. In the bulls I go somewhat by some of the production sale reports I see and talk to people.”

On the CK Ranch, bulls are priced in groups. Negus says, “I sit down with the owners of this place, and we look at the cow market, and if cattle are bringing a lot of money, then our bulls are a little higher. If the market gets where it’s not very good, then we back the price off. We’ll divide the bulls into four categories, four pastures. Each pasture has bulls of one price in there, and they’re priced according to phenotype and EPDs (expected progeny differences) and things like that.”

Mead explains that his production sale helps him with pricing. “I use that to set the price for how we are going to sell the rest of our bulls. When we sell a bull private treaty, we can say our bulls in the sale averaged \$3,800; therefore, we can justify this price. That makes sense for a lot of people. It’s the same way with females. When someone wants to buy females private treaty, we look at what they averaged in the sale. We can do that, and people relate to that.”

That said, none of these breeders allow much price negotiation. The only way they may take less than the asking price is for a volume discount. “I am not one to haggle,” Mead says. “If you start that, he’s going to do it the next year when he comes back and on and on. So when I price something, I am pretty firm.”

Hunter adds, “If I feel like I can make a sale by dropping \$100, I probably will. But people around



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— Tommy Mead

here know I am honest and fair and have quality cattle. So I have very few people that try to wiggle down any.”

Advertising is valuable

It’s important to let people know you have something to offer, especially if you’re relatively new to the business. “We stay in front of every cattlemen’s magazine; if you turn to the Hereford page, we have had an ad there for 20-some years,” Mead explains. “I try to put something in these magazines every

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month, at least my name is there. Then when people call, I can find out what they need.”

Both Hunter and Negus also advertise so that when somebody is looking for a Hereford, he can at least find their phone numbers and contact them about what they have to offer. It’s common sense that even if you have a quality product, you can’t sell it if nobody knows about it.

Tommy Mead helps keep his name on local producers’ minds by sponsoring cattlemen’s meetings. “It’s worked really well because for 200 to 400 dollars, you can pay for a meal and present our program,” Mead says. “I do a two-tiered program. Part of it is telling them about Hereford cattle — we use the Harris Ranch and Circle A Ranch information — and the other part is telling them about my cattle.”

Mead points out that even though he may not sell a bull that day, he gives the cattlemen his card and information so when they’re ready to buy, Mead Cattle is the first place they think of.

One of the biggest advantages of private treaty sales is it allows for a more personal relationship between buyer and seller. For this reason, though, outstanding customer

service is key. “In an auction or production sale situation, as hard as I try to at least speak to everyone, it never fails there’s people that you don’t get to speak to, let alone visit with,” Mead says. “This is especially true with newcomers you don’t really know. I see them in the stands and they buy a cow, but I don’t really know anything about them.”

Building a personal relationship

Contrast an auction with a typical private treaty sale situation. The first conversation sets the stage for the relationship. Hunter has tried some innovative ways to drum up business. “My wife and I will take some Sunday drives, and we’ll come across Hereford cattle at a farm, and we stop in and visit a little bit and tell them we have some real good bulls and females. I’ve sold a good many cattle from just stopping and visiting with people.”

Oftentimes the first conversation is on the phone, though, after the potential customer has heard about the operation from another customer or seen an ad. Negus says he is going to ask for more information about the potential customer’s operation. “First I’d like to know what kind of cows he has, what his needs

are and what kind of cattle he’s going to put these bulls on — heifers or mature cows.”

All agree that the next best move is for the potential customer to come out and take a look around. Negus says, “If there’s a chance they could come here, I’d like him to come to the ranch and see how these bulls are developed and how we handle our cow herd.”

Mead says, if at all possible, he wants the customer to come to his place. “If I can get them here, if I have an hour or two of that one-on-one, I can find out what they want and they can see what I’ve got. I want them to understand the difference and how good the cattle are.”

Unfortunately, Mead explains, sometimes the guy on the phone will say, “Send me a picture.” “I try to do that, but we really prefer that they come because then they can see the whole program.”

When the potential customer sets foot on the place, it’s critical to have all ducks in a row, so to speak. Hunter says, “One thing I really think is beneficial is if you know what somebody is looking for you sort out those cattle and have them in a separate lot. You just don’t go out in a herd of cows and say, ‘Well this cow I would sell for this and this one for that.’ I always get the cattle sorted out that I think they’ll be interested in and that’s going to fit them and their budget.”

The process works similarly on the CK Ranch. Negus has the bulls in separate pastures, grouped by price. “Everything’s priced before anybody gets here,” he says. “We’ll go to every group of bulls, and I’ll have all the data. Then if they want, we will go through all the registered cows and even through big bunches of commercial cows and our whole operation.”

Sell the program

Mead stresses that when somebody comes to look, you’re not selling a bull or heifer but a program.

“When someone comes, they take a ride and get to look at the cows, the bulls and the whole farm. We’re selling a program. We’re selling ourselves. Cattle is our product but we’re what backs it up,” he says.

Part of selling the program is being sure the place looks nice and nothing’s off limits. Mead says, “You’ve got to keep your place like it’s sale day every day, because if somebody calls today and wants to come tomorrow, you’ve got to have your cattle prepared. Your farm and your cattle have to be in sale day condition every day.”

During Mead Cattle’s production sale, buyers are encouraged to go look at all the cattle. “During the sale, a customer came, found a bull in the pasture that met his needs more than the one in the sale. He actually paid equivalent to the one in the sale but bought it out of the pasture.”

Nobody wants to be limited on what’s for sale and what’s not. Mead says, “We never say, ‘No these are

what you have to choose from.’ If I really, really want to keep it for myself, we’ll work out a partnership or retain an interest. Everything is for sale at a price.”

On the down side, with private treaty sales, a lot of time is spent on each looker, sometimes without a sale. Mead says, “The advantage of a production sale is some of those people can’t make their mind up; they’ve been talking about buying a bull for a month, but when you’ve got him in the ring, they have to make a decision.”

Still, spending time with a potential customer is hardly ever wasted. Mead says, “That is one of the frustrations, you could spend a day and a half with someone and never sell them anything. But it always comes back to be a positive thing. If somebody doesn’t buy this time, they will likely come back. That’s why by the time they leave, I know what they do, how they handle their cattle and what they’re expecting out of the cattle. At the end of the day, you have hopefully

a friend that’s also a customer. You want them on a first-name basis. That carries on to the next year and builds a relationship.”

All three of these salesmen stress that repeat business is key to their operations. That’s why service after the sale is also very important. Hunter says, “I make a policy to stop and visit the people once a year that have bought cattle from me to see how the cattle are doing. I have a sales pitch ready to sell some more females or another good bull.”

Negus often visits his customers as well, although a majority of CK Ranch’s bull business is in Florida. “A lot of it’s personal contact on the phone with our customers,” he says. “We try to go as often as we can and visit our customers one-on-one.”

Ultimately, the sale comes down to the personal relationship. “Good success stories are important,” Mead says. “I can’t emphasize enough, my philosophy is no matter how good your product is, if they do not like you, they will not buy from you.” **HW**