

Buying Longhorn Cattle At Auction: Recommendations For New Breeders

There's nothing like the excitement of a live Longhorn auction. Your friends are there. The auctioneers are entertaining. The pedigree reader educates you about the cattle. You may even have a beverage or two while socializing and meeting new breeders. Whether you are buying or selling cattle, this is your opportunity to improve your herd genetics or get a return on your investment. This return depends on how well you bought at a previous auction. You are about to get your grade card. This article focuses on guiding principles to consider when preparing for a Longhorn auction and establishing value for the cattle you are buying. Your long-term success in the business depends on it.

In theory, a well-run Longhorn auction should bring a fair market price on that day of the sale. The bidding should rise up to the true value price and stop reflecting fair market value. That is not always the case. Sometimes the prices lag in a down market; sometimes prices are higher than anticipated. A Longhorn sale in a modern facility with excellent cattle and promotion can exceed expectations when the bidders are in the right environment. The opposite is also true. You can start your herd by private treaty, auction or a combination. I don't know a single breeder who doesn't enjoy a well-run auction. It is part of our Longhorn community culture.

The new breeder needs to be educated about auctions so that he will enjoy the business long term and make rational buying decisions getting started. Poor decisions can haunt for years. The key is to have a plan. Those that fail to plan must plan to fail (Benjamin Franklin).

PRE-SALE STRATEGY

Decide what your goals are and how much you want to spend. What do you need?

- **A premier cow?** *Be ready to spend at least \$10,000 – \$20,000. You can buy bull power with a \$100 straw. Not so for premier cows.*
- **Maybe you want genetically stacked heifers.** *They are cheaper, but less predictable.*
- **Maybe you want a heifer with great early horn growth.** *A change in horn direction can reduce her value.*
- **Or possibly embryo transfer offspring from a premier bull and cow?** *Great potential, but unproven.*



Bid spotters work for the auctioneer, and the auctioneer works for the seller. If you need to take a break and think, you can rest assured they will come back to check with you to see if you want back in.

- **Maybe you want to start your own embryo transfer program and buy some recips.** *Expensive program to undertake.*

Multiple options will present themselves.

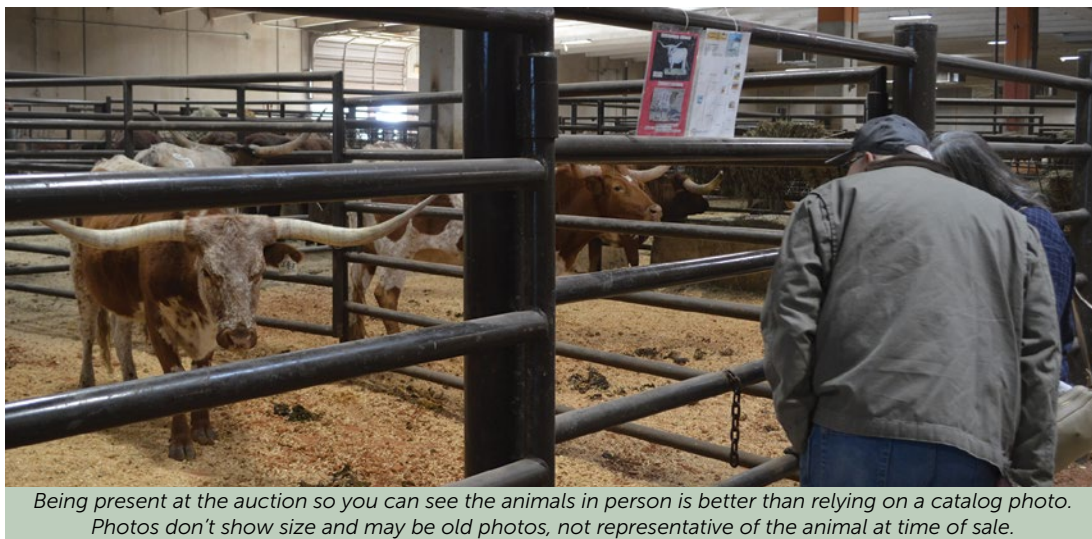
Each breeder must have his own personalized vision with the goal of having a profitable long-term strategy in the end. Buying a registered Longhorn cow is like buying a stock. It is an axiom in the securities industry that the buyer be able to explain in 3 sentences why he bought the stock/bond at the executed price. If he can't, then he should not be buying it. The same is true for the Longhorn industry. Additionally, your Longhorn investment should pay off in three years because, unlike stocks, the cow will depreciate over time. You should have a plan in place before the purchase and be ready to implement it— not after.

Do your homework. It is helpful to review selling prices of animals from previous sales to get a frame of reference. Study the upcoming sale book closely. Pick several candidates that fit your long-term strategy. Go to seller website. Learn all you can. Call the seller before the sale to get a more detailed animal history. Recent TTT? Pregnancy status? Vaccinations? Johne's testing? Buying from a Johne's free herd has added value. Disposition? Flushed? Health issues? Reproduction history? Many details that determine value do not show up in the sale catalog.

Be prepared for an unexpected bargain. Remember "Chance favors the prepared mind" (Louis Pasteur).

Opportunities happen in every sale if you are prepared. Usually, they come late in the sale after everyone has exhausted their budget. Some premier sales have five 90" animals and ten 80" animals with excellent pedigrees. The bidders are overwhelmed with so much quality that the perception of quality is diluted. There is only so much money in the audience and the prices ultimately reflect that. In another sale, a single 90" cow in a crowd of 70" cows will command so much attention that the buyer could overpay. The astute buyer is prepared when opportunity arises.

Inspect the animals in person. If you can't be there in person, have a trusted consultant or friend inspect the animals for you. Catalog photos tell only a partial story. Direct visualization better establishes value — how they act in pens, udder quality, horn tip direction, body size and conformation. Size does matter — you can't assess size in an edited catalog photo.



Being present at the auction so you can see the animals in person is better than relying on a catalog photo. Photos don't show size and may be old photos, not representative of the animal at time of sale.

The real question is, can you make money on this transaction in a few years? Why does the buyer pay a lot of money at a sale? The difference between a \$5,000 cow and a \$25,000 cow can be subtle to a new breeder. Typically, the buyer pays a lot for horn TTT, the complete package and for pedigree consistency. The best animals also have futurity potential with a structural correctness about them — feminine head, trim neck, small ear size, straight topline, trim underline, small navel, good tail set and width in hind quarter, good body length and depth, good hook to pin ratio, thick legs and good feet. Experienced Longhorn consultants can help.

STRATEGY DURING THE SALE

Your guidelines have been established and you have formulated a long-term plan. Allow only a 10-15% change based on what you learn during the auction. Sometimes you learn something from the pedigree reader that alters your price setting. Resist getting into a bidding war unless you have specific information that will boost your herd genetics. Buyer's remorse is com-

mon unless you have a specific plan in place ready to implement. If you get caught up in just beating out the other bidder, you may end up wishing you'd lost once the auction ends and you're committed to a high price.

Know your competition. Sit in the audience where you can see the competitive bidders. They are usually subtle — a blinking eye here, a tipped catalog there, the nod of a head. Premium cows have reserve prices and the bid frequently gets there very quickly and rightfully so. The auction needs to move along so you don't waste the buyers' or sellers' time. Humans have a short attention span.

Your competitors are not always in the arena. There are internet bids, absentee bids and bids on the phone from professional consultants who buy for multiple clients that frequently bid against each other. Sometimes the competitor is actually no one when in the excitement, you are bidding against yourself. Bids seem to be

coming fast and furious from everywhere and you don't want to lose out. Trust me and just back off and take a deep breath. The auctioneer works for the seller. He will get back to you when the apparent bidding slows down. The seller frequently has set a reserve price and the auctioneer tries to get to that price so there is a sale transaction.

Minimize emotional buying. I say minimize because no one can totally eliminate emotion-

al buying. Neuroscience has proven that. Make a list of logical facts to help determine value. For example, that cute, colorful bull calf jumping around the ring statistically will be walking across the scales in 12 months. Less colorful cows can be a bargain. Some of the longest TTT cows in the breed are pure red or white. They frequently have great horn potential and an unappreciated high value. They can produce colorful calves in the next generation with the right bull while retaining the horn potential. Understanding color genetics will enhance value in future generations.

BIDDING ON THE COW EVERYONE WANTS — In general, don't get into a bidding war unless you have done your research and this animal perfectly fits your program. You may have a bull that has a high probability of synergistic breeding to this cow. Maybe you can set up the cow for conventional flushing or IVE. The price will be high, but the good news is that everyone wants her and the resale value should be high if her fertility is unchanged and she is relatively young. The point is, you shouldn't pay \$25,000 for an 8 year old cow in her prime

and pasture breed her to a bull for the next 4 years. You might get 4 bull calves in a row that turn out to be ropers. The cow has now depreciated in value at age 12, you haven't sold any herd sire prospects or heifers to offset her price, and her genetics are not as premier as they were 4 years ago. You may have lost most of your investment.

GETTING A GOOD DEAL ON A COW NO ONE WANTS — This is usually, but not always, an oxymoron. You want her but no one else does. You think you are getting a bargain of the century, but you may be the sucker. It's like going to a poker game. You are analyzing the players to figure out who the chump is. There's one in every card game. If you can't figure it out, it may be you! The Longhorn market is smart unless you have additional information or a specialized niche market. You may have a local market that predictably buys your Longhorns. You may have a bull that strategically augments the production of the cow. The cow may have a lot of total horn that you can convert to TTT with your bull with a low horn set. Sometimes you can breed an average cow to a great bull and get a great calf. There must be unusual characteristics that set her apart from the crowd — great pedigree, more base, twisty horn direction, etc.

AFTER THE SALE

If an animal is pulled out of the sale and you think it was a missed opportunity, then go to the seller and make an offer. Make sure you have arranged for safe transport.

Thank the seller. Begin your marketing strategy. Implement your breeding strategy — the specific bull, A.I., conventional flush, IVF, etc. Insure the health of your herd by temporarily isolating the new purchase in some quarantined pens before introduction. Buying from a John's free herd greatly reduces the risk of silently infecting your herd.



Go to a sale or two before ever bidding. Make note of actual sale prices in the catalog and review to get a feel for the current market.

CONCLUSIONS

Finally, Longhorn auctions are a fundamental part of the industry and a lot of fun. They are a lot more fun when you have done your research and can profit from your preparation. A lack of preparation can lead to poor decision making and frustration when it comes time to sell your purchases. You should probably attend a few sales and not buy any animal so you can get a feel for the process. Record the prices of the animals sold as a frame of reference for the future. Analyze what determined the value of the animal. There are experienced consultants available that can offer insight. That said, there is no substitute for going to a sale like the TLBAA Horn Showcase with a Bull Alley where you can visually compare multiple premier bulls side by side and evaluate their strengths and weaknesses. Hired Hand and Arrowhead websites also offer a wealth of information that enhance your knowledge. This Longhorn industry is much more satisfying when you gather information, formulate a plan and implement your strategy— in that order. Now go enjoy yourself! 🤠

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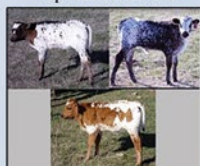
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