

Southwest Angus Symposium Addresses Marketing Problems

ST. JOSEPH, Mo. — In the cattle business today, "A handshake will not do—you always need a contract". That's some of the advice given to cattle producers at the Texas and Southwest Angus Symposium June 28 in Dallas, Texas.

The legal and financial portion of the symposium was covered by a panel of two lawyers and a CPA, who are in the cattle business or involved with it. They urged documentation of all cattle transactions, both for the parties involved, and for the IRS.

Dwight Hartley, Hartley Angus, Chalk Mountain, Texas, said that contracts are important because, "You forget, they forget. Put it in writing and there is seldom any misunderstanding."

"People never say the same thing twice in a row," explained Carl Dudensing of 4-D Ranch, New Ulm, Texas. "That's why you shouldn't use an oral contract." But it is not necessary to go to a lawyer, Dudensing said, you can simply write a letter to the person involved and spell out the details of the transaction. You sign it and ask that the other person sign a copy and return it to you.

Both lawyers and Houston CPA Kelly Simmons explained that big changes are coming in tax laws that affect investments in cattle.

"The days of the big tax shelters are dead," Simmons told the group. Limited partnerships are sure to be classified as a "passive investment", Simmons said, and thus ineligible to be written off as a business investment. The key to successful investments in the

future will be "Material Participation" in the cattle business, Dudensing said.

However, the men seemed convinced that the new tax laws, if passed substantially as they are now written, will not bring an end to investment in the cattle business. "You can still have a very fine cattle breeding business within the confines of the Senate Bill," Dudensing said.

The symposium was sponsored by the Texas Angus Association as part of their 50th anniversary celebration. In addition to the legal and tax panel, the program featured panel discussions on herd management, herd ownership and registered cattle sales.

The need for a detailed marketing plan was emphasized by several participants on "The Salesmen" panel.

Keith Evans, director of public relations and communications for the American Angus Association urged breeders who want to merchandise registered cattle to follow a five-step plan: 1. Determine the potential for sales. 2. Define your own market area, based upon potential for sales, competition and the like. 3. Determine what kind of cattle that customers in your market area need and want, and what price they will pay. 4. Produce the best cattle possible that fill these needs, and at a competitive price. 5. Use advertising and merchandising to develop top-of-the-mind awareness of your operation in the minds of most of the customers within your marketing area.

"Anyone can buy cattle at a

sale," said Tom Burke of the Angus Hall of Fame in Smithville, Missouri, "But we get out of the Angus business because we don't have a marketing plan. When you buy," he emphasized, "Buy with selling in mind."

Greg Garwood, general manager of the Angus Journal echoed the need for planning in his opening comments. "People who succeed in the registered cattle business make the best possible plan of attack and then use the professionals as much as possible," he said.

"Imagination is the key to selling," said David McMahan, owner of Belle Point Ranch, Fort Smith, Arkansas. McMahan urged breeders to improve their situation as it exists today—to analyze the weak spots in their competition and to make sure you don't make these same mistakes.

One of the highlights of the day was J.D. Sartwelle Jr., of Port City Livestock Co., Sealy, Texas. Sartwelle, a market operator and fifth-generation registered Brahman breeder, listed reasons people stay in and get out of the registered business.

People stay in, he said, if they develop a deep conviction that their breed and the cattle they produce can be of value to the commercial cattle world. They also recognize early on that the big end of their bulls will be sold to commercial cattle producers.

Conversely, Sartwelle said, the reason most people get out of the registered business is that they can't sell bulls. They get discouraged and quit.

Sartwelle said that every

registered breeder should know the operators of the three markets closest to them. "Invite them out, tell them you need to sell bulls and even offer the man a commission," he said. The local auction is also the best classroom to teach what is going on in the beef cattle industry in your area, Sartwelle concluded.

A great deal of discussion centered around embryo transfer.

Panel moderator, Ken Conway, warned the audience that they should never get into embryo transfer because others are doing it. Embryo transfer is like an intense AI program with a lot more problems.

It must be cost effective, said Bill Marsten. "The cost is high—you must get this back in marketing."

Heslops Awarded Trip

SYRACUSE, N.Y. — Eastern Milk Producers Cooperative Association, Inc., the Northeast's largest milk marketing cooperative, is pleased to announce the selection of Edward and Janet Heslop, from Spencer, New York, to attend the American Institute of Cooperation, National Institute of Cooperative Education (AIC-NICE), August 4-7 at the University of Tennessee, Knoxville, Tenn.

This is the second such trip to be awarded by the Cooperative as part of the Eastern Milk Producers Young Cooperator Program. The program is designed to inform and educate the Cooperative's younger members and to prepare them as future Cooperative leaders.

Earl R. Forwood, President of Eastern Milk Producers, says, "Our Cooperative is again pleased to be sending a couple to this National Cooperative Education Seminar since the younger members are the future strength of our cooperative. The Board of Directors and I feel the Heslops and Eastern will both benefit from participation in programs such as

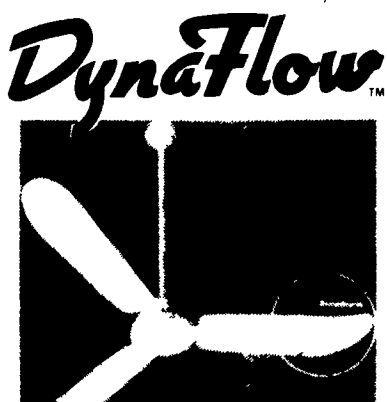
AIC-NICE." The Heslops farm outside of Spencer on a 120 acre farm milking 35 head of Holstein cattle. Besides farming, Edward is also a graduate student at Cornell University and Janet has a full-time position off the farm.

The selection of the Heslops is based on their involvement and leadership in the dairy industry and other community groups, as well as their goals for the future of their farm operation and Cooperative.

The Heslops are active members in the District Two Eastern Milk Producers Young Cooperators, Farm Bureau, Broome-Tioga Holstein Club, Finger Lakes Microcomputer Users Group, American Agricultural Economics Association, Agway and the National Federation of Independent Businessmen.

Edward's and Janet's goals for the future include purchasing a larger farm on better soil to improve their profit potential. Edward said, "Here we will continue the active involvement in purebred sales and embryo transplant work."

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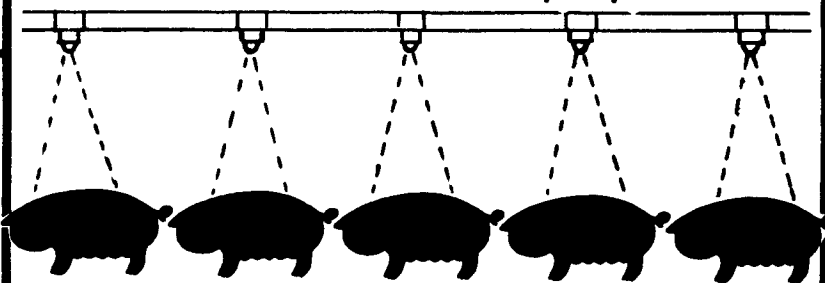
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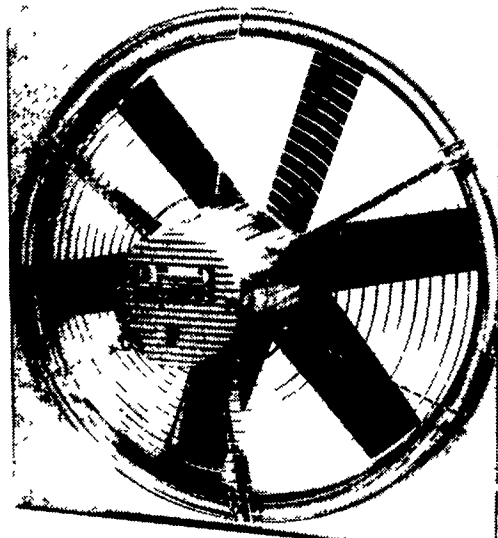
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