

Dairy Auctioneers Must Know Seller's Motivation

BY JOSEPH KEEPHAVER
National Auctioneers Magazine
December 1989
Used By Permission

CINCINNATI, Ohio — If you are interested in auctioning dairy cattle, it is essential that, in addition to knowing the value of the livestock, you also understand the motivation of the people for whom you'll be selling.

That was the message of C. Sherman Allen and Howard J. Hammond, two of the speakers at the Agribusiness Council Workshop at the 1989 Cincinnati Convention.

"It's an inept sale manager who determines all livestock auctions can be run on the same format," said Hammond, a professional pedigree announcer and former sale manager from Corry.

For example, the auctioneer should recognize that the farmer who is preparing for retirement has likely invested a great deal of effort in making every aspect of his operation a success. "You're going to have to go the extra mile with this man," Hammond said. "His cattle require a little more preparation, a lot more advertis-

ing, a little better catalog.

"When you go to the part-time farmer, the second-income farmer or when you're working an auction that is lender-motivated, this man probably hasn't been nearly as meticulous," Hammond said. "In order to book that auction, you're obviously going to have to get your pencil a little sharper. The lender is going to be very critical of what you charge for a commission. The farmer doesn't want the extra hassle of having a fitting crew there 10 days before the auction, having a photography crew there two months before the auction, and having a lot of pre-auction activity around the farm. In some cases, he may even be embarrassed about having the auction."

In the purebred business, club consignment auctions are very important to participants as a means of showcasing their livestock to the rest of the country.

"In a consignment auction, you have to understand that your expenses are going to be a lot higher," Hammond said. "When you're selling a 400-cow dairy and get the pace rolling, every

once in a while you can drop a cow off quickly to keep people awake." That isn't possible in a consignment auction, where each animal is individually owned.

When you are selling pedigree cattle, you must be able to credibly present the pedigrees. "My work in the sale business is analyzing these pedigrees in a manner to accentuate the auctioneer," Hammond explained, "keeping the auction moving ahead and, hopefully, getting a little money out of the cattle for the farmer."

There are a variety of ways by which you can learn of potential auction situations, but Allen believes one of the best is to stay in touch with lending institutions. "I keep in close contact with my Production Credit Association and my local bankers," the Conneaut Lake auctioneer said. "I know the loan officers. Every time I go by the PCA building, I'm in there. You have to get out there and know what's happening in your community."

Where should the auctioneer and client hold their first meeting? "I prefer to go on that farmer's farm immediately, so I know what

I'm getting into," said Allen. "I subscribe to our DHIA magazine for Pennsylvania, and it tells me every herd average in the state of Pennsylvania — if the farmer's on test. I go to that book and see whether he's a 16,000-pound herd average or 12,000-pound herd average. Immediately, I can have a little indication about what kind of a manager he is."

Allen doesn't pursue a commitment from the farm operator until after he inspects the property and understands the reason for the auction. "I don't pull out the contract and want him to sign on the dotted line within the first couple of seconds," the auctioneer said. "I like to go talk to the gentleman or the lady and see why they're selling. Once I've made my personal appraisal, I can tell what kind of an auction I can conduct for that farmer."

Alternatives might include holding an on-site auction or moving the animals to another facility, Allen said. Another decision to be made involves whether to sell inside an existing facility at the farm, rent a tent or conduct the auction under the open sky.

Your support staff is extremely important, Allen said, and you may want to consider the services of a breed association to assist with the auction.

"The Pennsylvania Holstein Association will clerk a county club consignment auction and take care of all the paperwork for \$10 a head," Allen told the auctioneers in Cincinnati. "That's in our area. Your area may be different. In my opinion, I don't want the headaches at a consignment auction for \$10 a head, and I highly recommend it."

When it comes to ring personnel, Allen believes they can be as important to the success of the auction as the auctioneer.

"A ringperson can set the cattle in for you and make your auction move along. They can keep the bidders' attention and make sure you get back to them, especially if you have a large crowd.

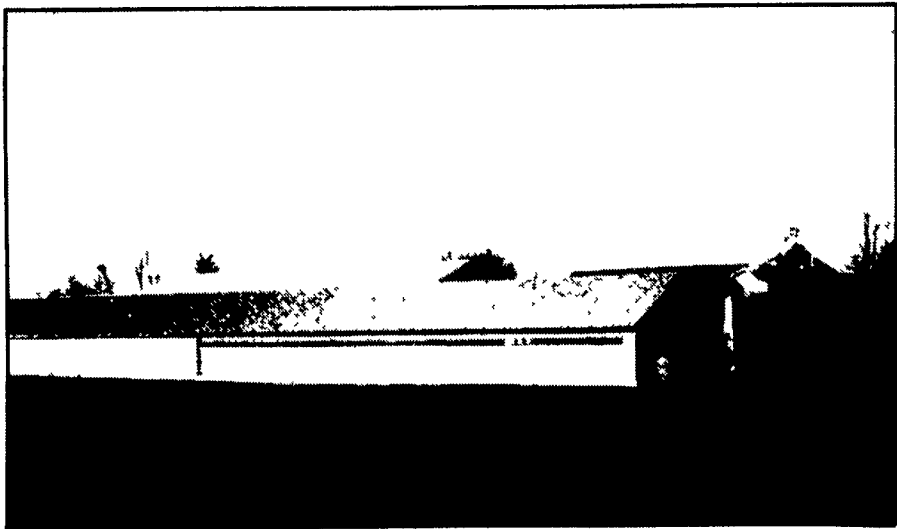
"I hire ringmen who I know buy cattle," Allen said. "Basically, you guys might call them dealers . . . If you have someone who you know has an order of cattle, it may pay you to have that person there.

(Turn to Page A38)

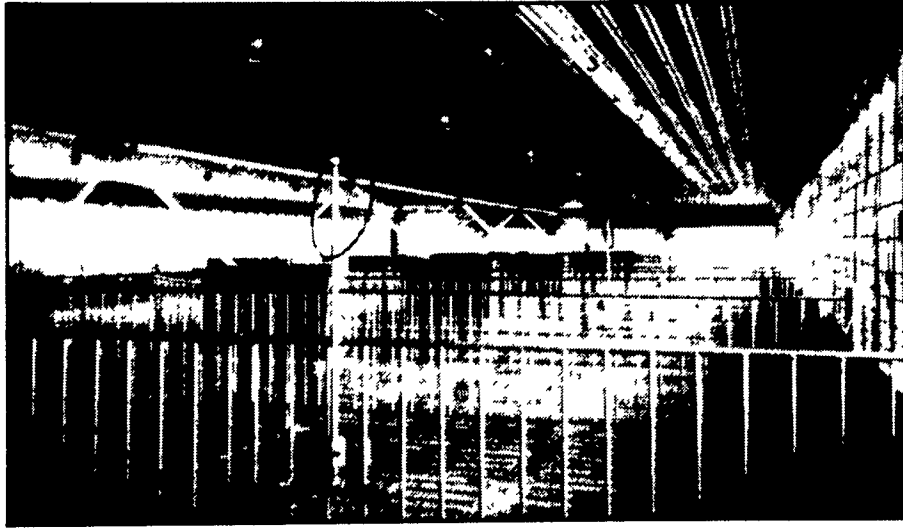
NEED ADDED CASH FLOW FOR YOUR FARM?

Let **FARMER BOY AG.** Discuss The Design And
Cash Flow Of A Swine Barn To Meet Your Specifications

1200 HEAD GROWER AND FINISHER UNIT



Exterior View



Interior View

- ★ Call Us For Information
On Sow Units And 1,000 To
2,000 Head Finishers!
- ★ Production Contracts
Available

We
Ship
UPS

Swine & Poultry Systems Specialists

FARMER BOY AG.

410 E LINCOLN AVE

MYERSTOWN PA 17067

PH 717-866-7565

24 Hour Service

HOURS: Monday Thru Friday 7:00-5:00
Saturday 7:30-11:30