

Share & Share Alike

Cow lease arrangements can work if they provide a win-win situation.

Story & photos by
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Perry Beedle wants to build a top-flight herd of black baldies, but the 29-year-old cattleman doesn't want to go in debt. Duane Warden wants to keep the numbers up on his registered Angus herd, but the development surrounding his Council Bluffs, Iowa, operation makes that impractical.

Their solution is a share herd. In 2002 Warden brought 25 young cows and first-calf heifers to Beedle's Oakland, Iowa, operation.

"We keep the cows year-round and supply the feed, vaccines and medications," Beedle says. "We get 70% of the calf crop, and he gets 30%."

Warden is also supplying one of his bulls during breeding season, while Beedle gets set up to breed by artificial insemination (AI).

Warden has been putting cows out on share herds since the early 1980s, and now has around 250 of his 300 cows on other operations. "It is a way I can increase my herd without having to manage them myself," the retired physician says. "It has worked out reasonably well."

He says most of his partners are like Beedle. "They are usually young fellows that have more pasture than cattle. They stay with me four to five to six years, until they get more cows than pasture."

Beedle says, "Economically, it is nice because I didn't have to borrow money to buy cows. I get a percentage of the calves for trading my labor."

In 2002 Beedle fed his part of the steers through the Tri-County Steer Carcass Futurity. In 2003 he took advantage of the high feeder-calf prices and sold them at weaning.

He also helps his cash flow by

selling steers to FFA members. "The younger calves work out well for the state fair program. I sold five steers last year and four went to the state fair. All four were in the top 10 in the FFA state carcass contest."

He adds, "We've taken the money we've made and put it in AI and calving facilities."

Double the benefits

Beedle says the 40-cow commercial herd of Angus crosses and Herefords he runs with his father, Bud, is also benefiting from

Warden's genetics. "Dr. Warden breeds fast-growing, high-quality cattle," Beedle says. "We really noticed an increased weaning weight when we used his Angus bull on our Hereford cows."

He adds, "It has made us better recordkeepers on our commercial cows. We now do birth weights and weaning weights, ID the calves, and take cow weights."

He says his family was already doing those practices when he was growing up, but when he went off to college they didn't have time.

"I've even set up a little spreadsheet," he remarks.

Beedle says there is one downside. "This summer I watched the calves grow, and the heifers I picked out were the ones Dr. Warden wanted."

Still, he says there will be more high-quality heifers. And although he might keep some as purebreds, he has friends in South Dakota with a herd of Herefords that emphasize performance and carcass expected progeny differences (EPDs) like Warden. "Our long-range goal is to cross them," he explains. "We'll also keep some bull genetics from Dr. Warden's herd for our commercial herd."

For his part, Warden says, "As



With a share herd, Perry Beedle, Oakland, Iowa, is swapping his labor for calves.

long as you have a reliable person, you don't have any problems. I've been fortunate, although nobody feeds them like I do. The cows in the share herds are treated more like commercial cows. But I tell them how I want the cows taken care of, and they have to weigh and tag the calves at birth and keep records. That's all part of the deal."

Kansas State University (K-State) Extension farm management specialist Kevin Dhuyvetter says Warden is correct when spelling out what he expects. "Communication is critical in a share lease," he emphasizes. "Both producers better be on the same page."

He stresses, "When we develop a share lease for cows, it is the same as a crop lease. The most important

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Duane Warden, Council Bluffs, Iowa, has more cows than pasture, so he puts part of his herd out on shares.



Warden puts his high-quality cows out on shares with other producers.

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— Kevin Dhuyvetter

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thing is the concept of the lease being equitable.” For instance, Dhuyvetter says if one person contributes 70% of the expense and the other 30%, that’s how they should share the income.

Dhuyvetter says it is also crucial both parties work through their own set of numbers.

“Don’t just take the number you heard at the coffee shop as the correct number for your lease. You need to know all the details to figure out an equitable number. Discuss what to do about replacements, open cows, summer feed and winter feed.”

He also says, “The concept of an equitable lease is just as relevant for either a commercial or registered breeder, but the contributions vary greatly. The numbers aren’t the same.” He says in a commercial herd, the cows may be worth \$650 to \$800 a head, while in a purebred operation, that price may be considerably higher. “Sit down and work out the numbers for your situation,” he emphasizes.

However, if the numbers work for both producers, Dhuyvetter says, “leasing can be a nice opportunity. It can be a tremendous win-win situation, and both parties can meet their goals.”

For more information on cow leases, go to www.agmanager.info/livestock/budgets/production.



Equal responsibilities, risks and rewards

While some producers use share-herd arrangements to build a commercial herd, Mark Gardiner and Donnell Brown are using the concept to optimize their seedstock operations.

In 1997 Ashland, Kan.-based Gardiner Angus Ranch sent embryos and bred heifers to R.A. Brown Ranch in Throckmorton, Texas. Now, the resulting bulls and females are sold at the Brown’s sale in Texas, and the partners share the income.

Gardiner says, “If you partner with somebody in another area, you carve a new market share. They know the people in that area, the cattle grow up in that area and are acclimated to it, and they handle the problems in that area. And the bottom line is, we didn’t have to invest in more land or labor.”

“We had been in the cattle business over 100 years, but were relatively new in the Angus business when we started partnering with the Gardiners,” Brown says. “We had a sizable herd — 150 Angus cows that we had been breeding since 1989, but we wanted to increase the quality and quantity of our herd at the same time.

“It allowed us to get involved with one of the leaders in the Angus industry and allowed us to access some tremendous genetics,” Brown continues. “It helped catapult us toward the top.”

However, he says it isn’t a one-sided deal. “Gardiner Angus Ranch adds genetics and enhances our marketing

with their name brand recognition and excellent reputation. But we were able to expand bull sales and customer service for the Gardiner operation. We sell about 600 bulls a year. It is a win-win partnership.”

The key is to have the right partnership, he stresses. “Select the people first. Partnerships require a lot of time, the ability to communicate, make decisions and get along.”

“The key is to be able to work together,” Gardiner agrees. “The toughest thing is keeping all your data up to date and keeping the lines of communication open. Tough things can be overcome by communication, though.”

Gardiner says their partnerships generally evolve from longtime friendships or relationships with bull customers. In addition to the ability to communicate, he says he puts integrity at the top of the list of requirements. “They also need similar breeding philosophies and the technical skills to AI (artificially inseminate) or whatever needs to be done.”

Brown says producers who are considering a share arrangement should take an inventory of their operations. “What do I need to make my program more successful? What do I have that could complement another breeder to create a win-win partnership?”

He emphasizes, “There has to be shared responsibilities, shared risks and shared rewards to be successful.”

