



PRODUCERS CATTLE AUCTIONS

In 1994, a Time magazine article forecast that the Internet would never go “mainstream” nor was it designed for “commerce.”

About that time in 1994, Jeff McFarland, a Mobile AL cattleman and businessman, was hauling cows across the Mobile Bayway on the Gulf of Mexico. Thinking. He reached for his Motorola “bag phone” and called a friend Jim Austin, who also happened to be hauling cows, not in Alabama, but in central Montana, where Austin at the time was Operations Manager for N-Bar Ranch.

McFarland asked Austin “what do you know about computers?” Austin replied “I know I have to ask my wife how to turn mine on.”

Actually, McFarland was trying to solve a problem facing one of the businesses in which he was a partner. That business was Producers Video Auction Inc. (PVA). In 1987, John Cargile, of Producers Livestock Auction Co., in San Angelo TX, had started PVA as an offshoot of the Texas Cattle Marketing Association, headquartered in Ft. Worth. He brought in other cattle-

men from across the nation as partners, among them, The Pete Clemons family from Okeechobee FL, who brought with them Jeff McFarland, and James Fincher, from Mobile AL.

The problem facing PVA was the increasing cost of producing cattle auctions for broadcast on satellite television. In the satellite/video process, a Producer’s representative would take a camcorder to the ranch, and film truckload lots of cattle in their home pastures. The video tapes, with detailed descriptions attached, were mailed to headquarters in Fort Worth for editing.

On a scheduled sale day, Producers would broadcast via satellite from its studio in Fort Worth. In the broadcast, participants viewed the edited tapes of load lots of ranch fresh calves, as a live auctioneer in the studio sold each lot. Buyers were either actually in the studio or at some location with a satellite dish viewing the auction and placing bids over the phone.

Of course, all this was very costly, and in the 1990’s, satellite time was getting increasingly expensive.

Having seen the prototype of an Internet auction, McFarland brought the idea to his partners during a monthly conference call. McFarland asked the group....”Do any of you own a computer?” Yes, they all owned one. Next question....”do you know how to use a computer?” There was silence, followed by a few chuckles, then CEO Mr. John Cargile said “Well I have owned welding machines for 50 years and still don’t know how to weld.”

Knowing they were far ahead of the curve, PVA took on the challenge of building an Internet auction.

L-R: Todd, Pete and Jeff Clemons



Photo courtesy of Homegrown Publications



L-R: Dwayne House, Owner, Goodno Ranch; Jeff McFarland, PCA Director; Jim Austin, PCA General Manager.

“In a PCA live Internet auction, the buyers are in the comfort and privacy of their home or office...”

On September 24, 1999 PVA held its first “real time” Internet cattle auction. The company had planned to phase out Video auctions over the next year. However, the success of that first Internet sale was so great they never conducted another Video auction.

In 2003, the company consolidated ownership, moved offices to Mobile Alabama, and changed its name to Producers Cattle Auction LLC (PCA). The owners of PCA are a group of like-minded Christian business men dedicated to leading by example. PCA offers a clean, honest venue for buyers and sellers to come together at a given time to market livestock through a company with proven integrity, financial stability, price satisfaction, and years of experience in successful Internet auctions. There is no preferential treatment offered to those with more cattle to sell, or special privileges for buyers with larger orders. Owners of PCA have all been in this business long enough that they know full well the repercussions for favoritism or making exceptions. It is PCA’s belief, “those who ask for discounts and favors come to expect them, simple as that.”

The PCA Internet Auction offers the basic elements of the Video auction, namely reaching a nationwide group of buyers in real time, and selling cattle off ranches without having to haul them to the buyers, exposing the cattle to stress and disease. The Internet auction replaced the bulky camcorders and the time consuming editing of videos with digital pictures, accompanied by a detailed description of the cattle.

Other advantages of Internet cattle auctions began to emerge. One advantage is privacy. In a PCA live Internet auction, the buyers are in the comfort and pri-

vacy of their home or office, and can see all pertinent consignment information while placing their bids. The Internet auction has replaced the Satellite/television setup, with a computer.

Maybe the greatest advantage of all, is replacing the need for someone to take bids over the phone, and then relay those bids to a ring man or auctioneer, eliminating layers of confusion and human error!

With the PCA Internet auction, buyers are able to see, in real time, every bid placed. Although he doesn’t know who places the bids, he knows where he stands in the bidding process at any given moment. Interestingly, during software development, when buyers were asked if they wanted their name to be displayed for all to see whenever they bid, all buyers said “I don’t want my name to show but I would like to be able to see who the other bidders are.” The proverbial have your cake and eat it too.

After the success of that first Internet auction in 1999, Producers was committed to something that to this day, even in 2013, remains “out of the box thinking.” That something, is the concept that the PCA software design is so good, and so solid, that there is no need for the “traditional” Auctioneer person.

PCA realized that the role of the auctioneer is far more about entertainment than necessity. They built a sophisticated, yet simple (cowboy friendly), totally integrated on-line auction platform. This automated auctioneering system eliminates any chance of human error that comes with the live auctioneer and ring men. Because of its design, a buyer on a PCA sale knows exactly where he is in the bidding, at all times. When he bids, he is told instantly, both verbally and visually, whether he is in or not.

To guarantee transparency, PCA has complete bid history recorded in its back office database to support each bid, with exact time of all bids to the thousandth of a second, and which qualified bidder placed each bid. PCA does not allow any false bids to be placed, or a seller to bid on his own cattle, or any form of shill bidding.

When a lot is closed, a seller has approximately 10 seconds to accept or refuse the high bid. So, before the next lot is started, everyone knows whether the seller sold the cattle or not. PCA maintains greater than 99% sales rate.

As the 2000's progressed, and contrary to what "Time" said in 1994, the Internet went mainstream, and became very much integrated into commerce.

During this time, the unique approach PCA was taking became more apparent, as auction houses wanted to capitalize on this new enormous audience of Internet users. Other so called Internet Auctions leave the live auctioneer in place, and in order to utilize the Internet they choose to use software that plays second fiddle to the live Auctioneer. This approach leads to confusion, because now the Auctioneer must contend not only with the crowd of people in front of him, the ring men working the crowd, people taking bids over the telephone....now he must contend with people on computers placing bids. Impossible to synchronize.

PCA's Internet auction provides precision and clarity, to both buyers and sellers. Sellers know that they received the highest bid placed on their cattle, and that because of the strong buyer support PCA provides, their cattle brought what they were worth on that given day. Many PCA customers have sold with them for more than 20 years.

“PCA’s Internet auction provides precision and clarity, to both buyers and sellers.”



Jeff McFarland, PCA Director visits with Gene Fulford, Manager, Goodno Ranch.

EDUCATING THE SELLER

Aside from designing and building technology for selling cattle, PCA has sought to educate sellers about the cattle trade.

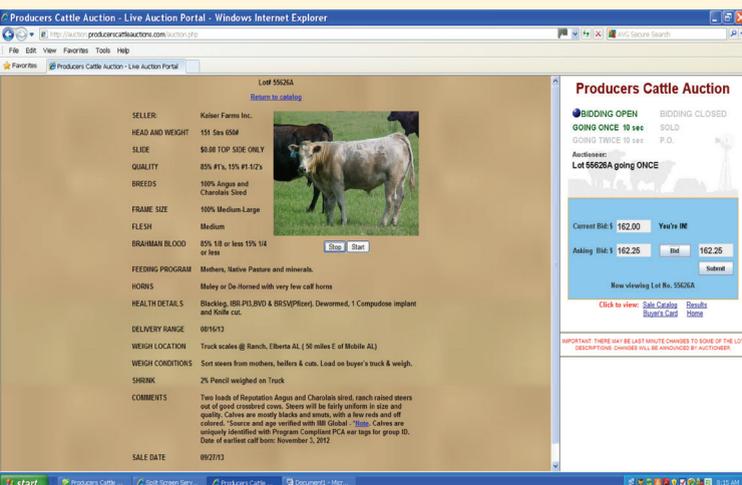
As Ranchers we are producing and selling a commodity. Cattle buyers are like other commodity buyers, they want a standardized description of what is for sale. However, what interests them more is how the cattle will deliver against the description in the contract. PCA has seen millions of cattle sell through the years, and the people who year in year out achieve top prices on any given sale day are those who deliver what they say they will, and in the event they can't do that, step forward and offer whatever adjustment is appropriate.

One problem with any commodity market is that generally commodities are produced in large volume by lots of people, and sold to a very few buyers.

In the stocker and feeder calf Industry, buyers have more cattle run by them each day than they can buy.

And the way for a cattle producer to get on a buyer's radar is to put as much effort into establishing a good reputation for delivering what they described, as he or she puts into all the production practices that produced the calves. That may sound ridiculous, with all the blood, sweat and money that go into producing the calf, but this is what establishes a seller's reputation. It can be good, which will keep buyers coming back with demand and support for their cattle in the future, or it can be negative, and establish a reputation of not being able to deliver what the seller has described. Consultation on how to describe and deliver cattle is at the heart of what PCA offers sellers.

If you want to investigate selling your cattle to a nationwide audience of buyers, call PCA. A qualified person will take the time to visit with you about all aspects of how we present your cattle to buyers, how the auction works, and how to best handle your cattle at delivery so that you, the seller, and the buyer, are equally satisfied.



Live auction screen shot