





# Making money in a volatile market

## KLR Marketing School graduates grinning despite falling cattle prices

BY AMY LAWSON

The cattle market is fluctuating and few can follow its trend, but there is a group of cattle traders and breeders around the country profiting from the volatility.

They're the cattlemen selling livestock that may not even be fat, and they are the ones strategically selling to make a profit—not because they've run out of grass.

More than 1400 people from about 700 grazing businesses across the country have tapped into the phenomenon that is the KLR livestock marketing system.

The word has spread far and wide since three graziers established the KLR Marketing School in Australia in 2004, and plans are in place for the first Victorian school to be staged at Bendigo in March.

United States-based founder of the famed livestock marketing system, Bud Williams, stated that the number one unfair advantage in grazing was knowing how to sell livestock.

The most difficult decisions livestock producers faced were knowing what to sell, when to buy, and how to guarantee a profit.

Rod Knight of 'Kooramilla', Tamworth, NSW; Grahame Rees of Bathurst, NSW; and Jim Lindsay of 'Kentle Downs', Hughenden, Queensland

learned the ins and outs of Bud's system and have since preached his philosophies throughout Australia at their two-day KLR Marketing School.

The KLR Marketing School has resonated with plenty of cattle traders, but Grahame Rees says more cattle breeders are realising how their steady-state businesses can reap rewards as well.

"People need to understand that in the commodity arena, where we operate, the only thing we have control over is our costs," he said.

**"... they are the ones strategically selling to make a profit—not because they've run out of grass..."**

"We need to know our costs and then work out whether it's most profitable to run a weaner through to becoming a first calf heifer, or carry a steer from 300 to 500 kilograms.

"The principles of assessment are the same whether you're selling dry cows or determining what inventory to leave in your breeding system and which—economically speaking—should go."

Grahame said the school teaches graziers to value their grass as a tool in their business and determine the most profitable way to utilise that grass.

Participants learn to take a whole new look at how graziers forge a balance between inventories of grass, money and livestock to reduce market risk.

Grahame said while graziers could not control the market and certainly not the weather, they could control how much they paid for livestock.

"We provide more than 15 different profit calculators that help determine cost of production for a given trade or the cost of running a breeder, including overheads, agents' fees, husbandry costs, labour, and so on," he said.

"We focus on the price relationship between what graziers can sell and buy today, on the same market, and how valuable the process of selling is for generating cash flow in a business.

"The message is clear: sell an over-priced animal on today's market to buy an under-priced animal on today's market, or sometimes as a breeder it is better to sell the over-priced and keep the grass they would have otherwise eaten."

Grahame said for breeders who did not buy back in replacements, the

*Ben Hooper (left) uses the KLR marketing principals at his Gilgandra, NSW, property - he also uses it to purchase stock for other KLR graduates.*

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system helped them determine firstly which animals on their property were the ones to sell, and secondly the timing of that selling decision.

"Too often as breeders we hold on to stock only to see them deteriorate in value," he said.

"Using the calculators to determine whether an animal is worth carrying forward or selling now is a huge breakthrough for these breeding operations.

"No, they won't pick the top of the market—like we all try to do—but they develop a consistent approach to marketing based on mathematics, not blue sky dreaming.

"So often the animals we choose to hold are the ones we should be selling and KLR gives breeders the tools to determine which animals should be sold and which ones could be kept on.

"Many people feel KLR is just for traders, but you may never buy an animal and have this work really well for you."

KLR Marketing's ongoing, post-school support system comes under the umbrella of the KLR Mastermind Group.

In this group, school graduates network with fellow members, take part in conference calls with industry leaders, and can access 47 KLR 30-second sheep and cattle market reports from across the country, with those reports structured to apply their new-found skills.

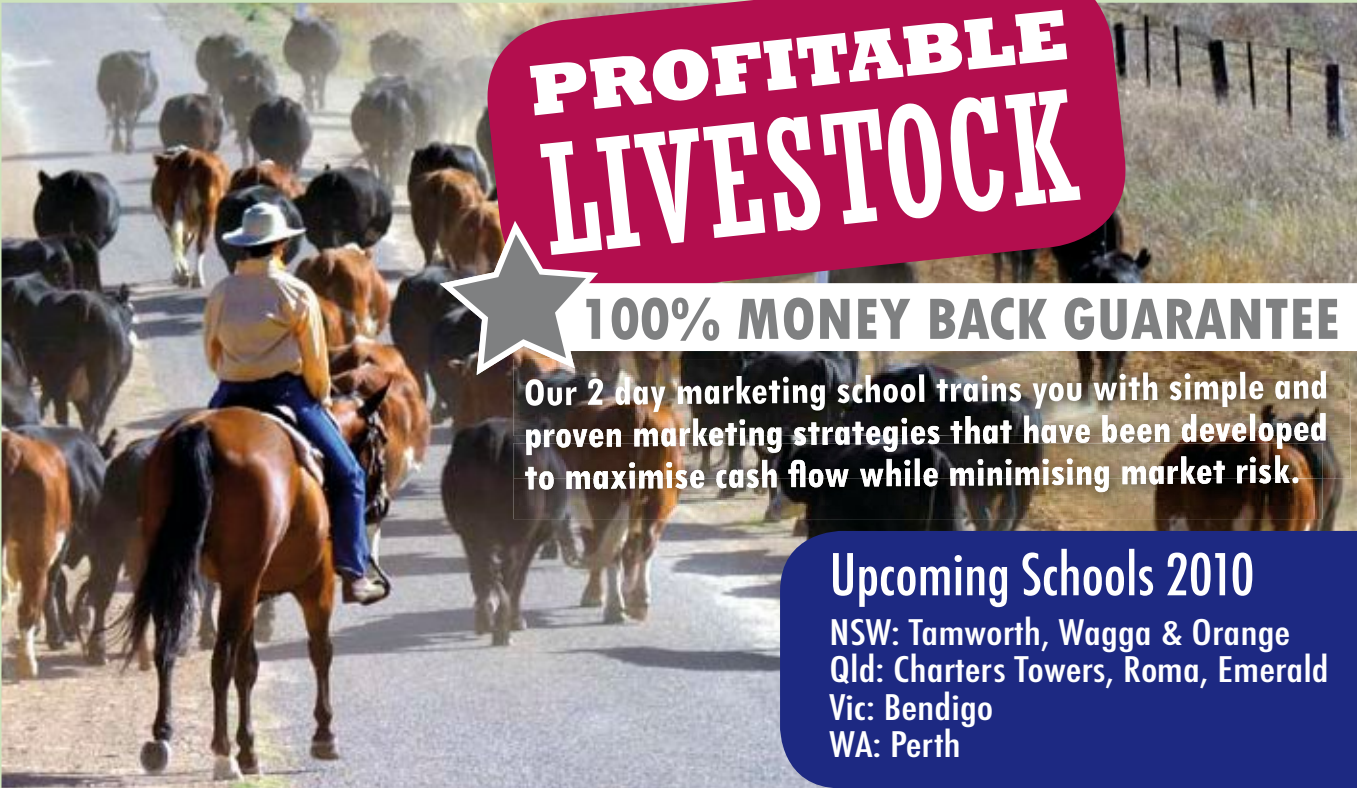
KLR Mastermind member, Ben Hooper, 'Brenwick', Gilgandra, trades all classes of cattle and sheep at his Central West NSW property and is even commissioned to buy on behalf of fellow Mastermind members.

The part-time AuctionsPlus livestock assessor participated in the KLR Marketing School in October last year and values the flexibility it has given him and his operation.

"I did the school to get confidence in trading through solid numbers instead of assumptions," he said.

"The market reports and spreadsheets allow me to accurately know the value of a trade, including all costs, which allows me to determine the best trade opportunity on a given day." ■

**For more information and to order a free information pack including a one-hour interview on CD about the KLR Marketing School, visit [www.klrmarketing.com.au](http://www.klrmarketing.com.au).**



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