



## Farm Auctions

**A great way to spend an afternoon in the country is attending a farm auction. They're an ideal place to nab that needed piece of equipment or addition to your livestock herd.**

By Carol Ekarius

In this article ...The Fastest Talker in the World The History of Auctions The Market Sets the Price "Buyer Beware" Rule Applies The Future of Farm Auctions

### Related Article

Overcome Auction Phobia That auction was one of the first farm auctions we ever attended.

It was a Saturday afternoon in late February, and cars and pickups, many pulling stock trailers, were streaming up a gravel road near Deer Creek, Minn.

We were in the line, with our trailer hitched behind, and our hopes set high that we'd find just the right group of heifers, at just the right price, to start our own herd of dairy cows. In spite of cold temperatures and wind, the farm auction was drawing a good crowd.

We bought five Holstein heifers that day; black and white bottle-babies that would form the foundation of our dairy herd almost two years down the line.

But since that February afternoon we've attended hundreds of farm auctions (and held one of our own).

We learned what many rural folks have always known: Farm Auctions are a great way to spend a day—offering a chance to socialize with rural neighbors, and the opportunity to buy anything from antiques and collectibles to land and livestock, or tractors and trucks. (Maybe even the kitchen sink!) You just never know what you'll find at a farm auction.

### The History of Auctions

Auctions have a long, and sometimes notorious, history. The first auctions that historians have confidently documented occurred in Babylon, about 500 B.C. At these earliest auctions beautiful women were sold into marriage.

The Romans used auctions to dispose of all kinds of property, from grain and livestock, to the spoils of war. In fact, in 193 A.D., the Praetorian Guard sold the whole Empire at auction, after killing the ruling Emperor, Pertinax. Unfortunately for the successful bidder, Didius Julianus, his acquisition was short lived—two months after he claimed the Empire, Rome fell in battle to Septimus Severus.

During the 1500s, the British began using "public outcry" to sell items, with the term "auction" making its debut in British dictionaries around 1600. The British style of auctioneering made its way to the New World with early settlers, but it was often used for selling out the property of debtors—or for selling slaves, giving early auctions in this country a bad name.

After the Civil War, Army Colonels traveled around the country selling seized and surplus Army goods. Civilian auctioneers followed the Colonels around, and dressed similarly, so that soon the public began to address all auctioneers as Colonel—a title still used by auctioneers today.

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### The Market Sets the Price

Today, over 35,000 auctioneers practice the trade. Most are generalists, selling antiques one day, livestock the next day and used restaurant equipment another. The auctioneer works for a seller, and his or her goal is to maximize profit for the seller.

According to Bob Shively, CEO of the National Auctioneers Association (NAA), auctions are unlike other marketing methods because they truly allow the market place, on any given day, in any given place, to set the price between a buyer and a seller.



“At auction, the market sets the price; the real estate market gives a good example,” he says. “Typically, if you wanted to sell your house you’d call three or four realtors. They’d come over and tell you your house is worth \$100,000 and you’d put your house on the market for that price. But in the majority of cases you’d end up selling it for less than your asking price. So the traditional real estate market works from the price coming down, but the auction method of marketing is based on the price going up. More times than not we find that the price realized at auction is comparable to, or exceeds, that received through other marketing strategies.

“There is age-old thinking that only ‘distressed property’ is sold at auction, but it just isn’t so,” says Shively. “For years, industrial real estate and farms and ranches—especially bare farmland—were often sold at auction, but nationwide we are seeing a real spike in auctions where residential real estate sells at auction also. The National Association of Realtors predicts that within five years, almost one third of all real estate transactions will likely be auction based.”

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#### At Auctions Buyer Beware Rule Applies

Although auctions can be a lot of fun, and a good way to buy, sell or trade almost anything, they can be a dangerous way for the uninitiated to shop. They are a “buyer-beware” world, where items are sold “as is” and all sales are final.

An auction I recently attended provides a good example. I got there early in the morning to inspect items I was interested in. There were all kinds of neat household items—some antiques, and some modern—on a hay wagon, and I spent time looking things over.

When the auction got going a couple of nicely dressed women who looked to be straight out of the city started bidding against each other on a bowl that looked like an antique, but was actually a modern reproduction you could probably pick up in a department store for \$10 or \$20. One of the women was pleased as punch when she got the bowl for \$108, but her jaw dropped when the auctioneer handed her the bowl and she realized her mistake. By then, it was too late—she had bought the bowl.

The moral: To get good buys at an auction, you need to be an educated buyer. Although any auctioneer worth his salt won’t tell you it’s an antique if it’s not, he also won’t say during the bidding, “Hey lady, you’re bidding too much for a department-store bowl.”

Larry Theurer, an auctioneer from Wellington, Kan., who has been in the business since 1976, and is current president of NAA, agrees: “There are a number of things we recommend. Know what you need before you get to the auction, and know what it’s worth. Visit with a reputable auctioneer or someone in the farming business to help assess your needs before you go to your first auction.”

Don’t buy a big tractor and big equipment if it’s not needed; bigger isn’t always better, says Theurer. “There are differences in quality that auctioneers and experienced farmers know about, but that newcomers don’t always know; one model may have a history of problems, or be harder to find parts for. Some brands always bring more money, but that’s because they are more reliable. In my experience, most hobby farmers, because they have outside jobs, need to buy good quality equipment so they don’t have to spend all their time working on it.”

The same applies to livestock. “Quality varies from farmer to farmer,” says Theurer. “Try to deal with reputable people. Horses are a perfect example. Despite all the good people, there are some real crooks in the horse business. So, there are good horses, but there are also horses with inherited problems. For novice buyers, they won’t even have a clue what those problems are.”

The way around the problems that Theurer points out: Come early and thoroughly inspect any goods you might want to bid on. If you’re thinking of bidding on expensive items, like breeding stock, machinery or vehicles, you can usually arrange an advance visit to the auction site to get a closer look. Bring along your own personal expert—a mechanic or veterinarian—if you are serious about investing in equipment or livestock.

Talk to the auctioneer; talk to the owner. “If someone asks me before an auction starts, I’ll give them an honest range that the item they’re looking at should sell for,” says Theurer. “I want buyers to be satisfied with what they buy.”

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#### The Future of Farm Auctions



The times they are a changing, and auctions are changing with them. “Farm auctions, it’s no secret, are decreasing in number, because we have sold so many farmers off in the last decade or two,” says Theurer. “For example, we do about 10 farm auctions per year now; a decade ago we were doing double that. But one change we have observed is an increase in the volume of equipment and consignors at our consignment auctions. The consignment auction is a great opportunity for smaller farmers to sell, and for beginning farmers to buy all types and sizes of equipment. We may have 100 to 125 consignors—it’s a huge, full day. We’ll have tractors that are 30 or 40 years old, some of collectible types, to modern four-wheel-drive tractors.”

Also, you may be able to take advantage of another change. According to NAA’s Shivley, “By and large, auctioneers are moving into the electronic age. Many are already utilizing online broadcasting of auctions via the Internet. They accept online bids as the live auction is taking place, essentially bringing the world into the auction. It gives auctioneers the ability to maximize value for the seller, which is who they are working for.”

It also gives buyers the chance to participate in auctions they normally couldn’t attend—or to stay warm and dry while bidding from the comfort of home on a cold winter day.

#### The Fastest Talker in the World

Auctioneers are known for the chant they use to sell products, and for Bill Sheridan, of Sheridan Realty and Auction in Mason, Mich., his chant—and his knowledge of the auction business—has earned him the title of World Champion Auctioneer.

Bill started out in the auction business in 1975, working first at a livestock sale barn, and later branching out to his own business.

Bill explains his winning technique, “The chant is the announcement of a bid, and calling for a higher bid. Some auctioneers add lots of ‘noise,’ but I feel like the public wants to buy and they aren’t really interested in fancy words. I have worked hard to develop a melodic chant that’s full of rhythm and pleasing to the ear. I try to keep it clean and straight, with no excess garble.”

The world championship is an actual auction with over 500 bidders.

Eighty-eight competitors from every state as well as Canada and Mexico competed last year, and all competitors had to first win at a state championship.

During the competition each competitor sells three items while seven judges assess their technique, their ability to catch bids, how they maintain order in the auction and get value for the items they are selling.

Bill sold a camera, a pearl necklace and a watch during the first round of judging. After all the competitors have sold three items each, the top 15 competitors come up for a question-and-answer session that assesses their knowledge of the business.

If you are looking for a farm auction in the upper midwest, there’s a good chance you might find Bill.

Although he no longer works regularly at a sale barn, he’s still very involved in the agricultural sector, and still sells lots of livestock at private farms and special sales, like the Upper Peninsula Beef Expo Sale, and the Michigan State University Arabian Horse Farm Sale.

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