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Pete Bonds Is BEEF Magazine's 2011 BEEF Stocker Award Winner

Pete Bonds — the 2011 National Stocker Award winner — cares about what cattle make, not what they are.



Wes Ishmael

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8 Min Read

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Wish Pete Bonds a “Merry Christmas” if you want, but don’t expect him to string the lights. He loves the business he does with cattle so much that he hates it when business slows down for any reason.

“This is the only legal business I know of where you can make the kind of return on money that we can,” says Bonds of Bonds Ranch, based in Saginaw, TX.

Bonds pulls up spreadsheets from a customized computer program for different sets of cattle in his sprawling stocker operation. He’ll show you calves owned for 163 days that made \$42/head. Based on paying 30% of the calf up front, that represents a 72% return on equity (ROE). He’ll show you another set that made \$107/head, or 184% ROE.

Calves must be bought, managed and marketed right, but focusing on return to equity leads you to different decisions than when focusing on profit per head.

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because he didn't manage risk and the profit goal was never achieved.

That focus also cost plenty of opportunity. "If I'm willing to do it for \$35/head (because the ROE is so high), it makes it a lot tougher for someone else looking to make \$100/head," Bonds says.

Bonds remembers sitting atop a beer cooler near a tank in one of his pastures in 1980 shooting doves and doing what he termed at the time as "some thinking drinking." He says it finally struck him that he wasn't in the cattle business; he was in a business that involved cattle. He thought about how other businesses operate, no matter the product. He ended up at ROE.

That's one of the things he appreciates about the stocker business.

"With the cow business, the main goal often times is the way of life rather than making money," Bonds says. "If you're turning out yearlings, you're turning them out to make money. The stocker sector is a lot more business-minded. I don't have to compete with people who aren't in it to make money."

Understand, Bonds is in the cow-calf business, too. He also feeds lots of cattle. The Bonds Ranch operation encompasses cattle in 26 Texas counties, along with cattle in Oklahoma, Kansas, New Mexico, Nebraska, Iowa, South Dakota and Montana. Bonds Ranch also has operations in Vera Cruz, Mexico; and Alberta and Saskatchewan in Canada.

"This has become a North American beef and cattle market. This drought will affect cow prices in Canada," Bonds says. "What some people in this business fail to realize is that the future of the cattle business in this country is offshore, not here."

Besides heady U.S. exports overall, Bonds points to the Non-hormone Treated Cattle (NHTC) program that enables export to Europe. "We've been pretty heavily involved in it for several years," Bonds says. "As long as they sign the check, they can demand it any way they want. It's up to us to figure out if we can produce it that way and make more money."

Leveraging markets

Each enterprise at Bonds Ranch operates as its own profit-driven entity with the leverage between them offering more flexibility and opportunity. On the stocker side of the fence, this

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When Bonds calls an order buyer, he's not for a certain number of head or a certain sex, class and condition. Instead, Bonds asks the order buyer, "What's the cheapest thing you're seeing?"

Besides profit being made on the buy, Bonds explains most every head walking will be cheap relative to the market at some point in its life. Own one long enough, he says, and it's rare not to be offered a profit at some point during your ownership.

Bonds stretches the definition of "stocker" further than most. He explains, "As a stocker, you buy and add value to cattle. That doesn't have to be a steer or heifer calf. You can do it with a thin open cow or a thin bull, too."

That's one reason the stocker business offers opportunity even during the current [drought](#).

On the one hand, Bonds explains, "I've got a lot of cattle contracted for fall delivery...if it doesn't rain and there's no wheat pasture, we'll have to take them to grow yards. In the yearling and stocker business you always need to have a Plan B."

On the other hand, Bonds says, "We've been able to buy a lot of light calves at prices under what we would have had to pay for them."

Bonds had four loads of thin, open Brangus cows and found grass for them. "At what these cows are worth today, they'll make a lot of money," he says. "I don't like the fact that I can't hedge them but, at this point in the cycle, I think it's a good play."

The only occasions that focusing on ROE didn't work for Bonds was when he broke his own rule and didn't hedge the cattle. He's always liked and understood the futures market as a way to manage risk. With cattle prices and equity requirements so high today, he says, "these 'uh-ohs' (unhedged cattle) now could break some people. That will give us the opportunity to pick up more cattle and expand."

"In the cattle business, you have health risk, performance risk, market risk and weather risk. Futures allow me to take one of those risks out of the equation," he says. But, he's quick to add, "You've got to realize when you're hedging cattle that you aren't through. You have to trade the basis, too, and we've been pretty successful at doing that."

A few years ago, Bonds began negotiating guaranteed cost of gain on some of the cattle he feeds. "That way, we're both standing some risk," he says.



If you've been in industry meetings with Bonds, you know he can make folks feel plumb uncomfortable; asking questions others may think, but never say. What people mistake for combativeness, though, is unabashed honesty and knowing he's on equal footing with anyone, no matter what their title might be.

Bonds Ranch history

"I borrowed my first money to buy cattle when I was 16," Bonds says. At that time in Texas, you didn't reach majority age until you were 21. Pete went to court to get his minority status removed so he could conduct business.

Bonds' dad, who established the current headquarters ranch, died when Pete was two years old. He'd hired a man by the name of Pete Burnett, who Bonds credits with a lot of his raising and insight in the cattle business. Burnett was known as Big Pete. You can still find folks who know Bonds as Little Pete.

"Big Pete told me you can't push a good man five inches, but you can lead him to Hell," Bonds says. "I always figured I'd better never ask anyone to do something I couldn't do or wouldn't do."

That's one reason Pete makes it a point to help process cattle. That's why he's more than a spectator when the ranch rodeo team bearing the name of his ranch competes. That team was champion of last year's Fort Worth Ranch Rodeo. Plus, Pete explains, "If I'm there processing cattle and one of the day-hands happens to run across somebody with enough grass to run 300 head, who do you think he's going to call?"

More than that, Bonds is grateful for the people he works with. "I'm proud of the people I do business with – our employees, the contract grazers, business partners, the feedyards and others," Bonds says. "If it wasn't for them, we couldn't do near the things we're able to."

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"That opened up my eyes to the fact that there was so much more to this industry than raising 400 choice Hereford calves every year," Bonds says. "It made me a lot more willing to change, to learn how to stocker cattle and how to feed cattle."

In 1975, Bonds partnered up to feed some cattle. He invested profits from that venture in yearlings to put out on wheat pasture. And then he just kept going.

"If Mother Nature and the markets allow, we're always going to expand. To me, a business dies if it's not growing," Bonds says.

Pete and his wife, Jo, have three daughters. Missy, the eldest, works alongside Pete managing Bonds Ranch. Bonnie and her husband, Clint Anderson, and their kids, Casey and Larkin, have their own operation in southeastern Colorado. The youngest, April, is a student at Georgetown getting a masters degree in international business.

With family and expansion in mind, Bonds spent three years finding the chief financial officer he hired four years ago. "Getting everything out of my head and onto the computer has taken us to a whole new level," Pete says. "I've done this so much and for so long that there are things that I know, that I don't know that I know.

"I've never had the millstone of heritage hanging around my neck," Bonds says. "The history of Bonds Ranch is yet to be made."

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