



Ranching For Profit

Healthy Land, Happy Families & Profitable Businesses

Enjoy Your Vacation

In his talk to the Colorado and High Plains Executive Link Chapters this fall, ranching consultant Gregg Simonds, called ranchers, “recreationists” and told the members *“it is only through service to others that you can be self serving.”* In other words, a business can only serve the needs of its owners if it provides a service to others. Recreationists aren’t concerned with serving anyone but themselves. Historically ranchers have ranched because they wanted to be their own bosses, have a great place to raise their kids and be out in the fresh air. We like the work and we love the lifestyle. It has very little, if anything, to do with serving anyone but ourselves.

“It is only through service to others that you can be self serving.”

Gregg’s right. Most ranching resembles subsidized recreation more than it does a business. If ranching were a business, ranchers wouldn’t have to subsidize their lifestyle with off farm income or rely on free (or at least underpaid) family labor. The primary business in ranching for the past several decades has been real estate, not cattle and hay. And while some complain about the cost of land, a lot of those same people have borrowed against the appreciated land value or sold off a quarter to pay down debt so that they can continue to recreate. Some have used the appreciated land as the ultimate golden parachute.

In the past few months I’ve been asking seminar audiences “What is the purpose of business?” Most assume it is to make money. It’s not that profit isn’t important, it is essential. Air fills our lungs and blood flows through our veins. But that is just what it takes to be alive, not the *purpose* of life. It takes cash flow and profit to have a business, but that’s not the purpose of business. Besides, some ranchers could make more money if they sold out, invested the proceeds and lived off the investment income.

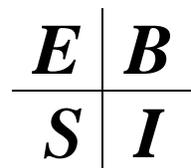
Money is to business as breathing is to life.

When a student at a recent school realized that this applied to him he responded by saying, “But what would I do?” As long as we are ranching we’ve got no shortage of things to do. Our ranches provide us with jobs that reward us in lots of non-monetary ways. That’s good because the wages are low and the work is dangerous. But neither making money nor providing jobs is the purpose of business.

Ranching: A Business Or A Job?

Does your ranch have a purpose beyond providing income for you and your family? If it doesn’t, do you own a business, or do you really own a job?

In his best selling book *Cashflow Quadrant*, Robert Kiyosaki describes the four ways in which people make money. The employee (E) earns money by holding a job. Self-employed (S) people earn money working for themselves. A business owner (B) owns a business that generates money. Investors (I) use their money to make more money through investing. Most ranchers operate in the “S” quadrant.



They don’t really own a business, they own a job. There’s nothing wrong with being an “S” but as I explained in a recent newsletter, they tend to work harder and have less to show for it (personally and financially) than the “B” ranchers.

At a recent Executive Link meeting someone asked how one makes the transition from S to B. I threw the question to the group and here's what they came up with. If you have a business then:

Space: You have an office, or at least an organized space devoted to WOTB and business management activities.

Time: You keep regular "office hours" for completing the office work. They aren't necessarily long, and they may change season by season.

Financial: The business earns profit after it has paid fair, competitive salaries and benefits to all employees (including you and other family members).

Purpose: There is a purpose for profit (e.g., invest in growth or diversification, pay dividends to shareholders, etc.) that is determined before profit is made. There is a purpose beyond profit and providing jobs for family members.

Attitude: Most important, there is separation between your life and your business. You have a vision and goals for both. The business is a vehicle to help you achieve your life goals.

Determining The Purpose Of Your Business

The beginning of the year is a great time to meet with the stake holders in your ranch and discuss the purpose of the ranch. Ask yourselves: Why do we own these assets? What do we want to be known for? What do we want to achieve (beyond creating salaries and profit)? What are our primary resources? What are our primary products? Who are our customers? What impact do we hope to have on our customers? Are there non-monetary benchmarks for those resources and products that will indicate if we're successful?

Project yourself 20 years into the future and ask those questions again.

While I've suggested you identify the products you currently produce, you may not want to limit your purpose to those specific products. It will be more useful to describe the impacts you'd like to achieve through those products for your customers. In *Built To Last*, the authors point out that a statement of purpose like: "*We exist to make cartoons for kids*" would not have created the magic kingdom that became reality when Disney identified their purpose as "*use our imagination to bring happiness to millions.*"

Ranch Management Consultants' purpose is "*To empower clients to improve their land, their lives and their bottom line.*" The Ranching For Profit School offers participants the tools to achieve this objective, but we have found that it takes more to empower them. The next paragraphs describe two programs we offer to empower alumni like you.

Executive Link

Executive Link empowers through its stimulating continuing education, economic and financial benchmarking, peer review and support in board meetings, and accountability provided by board members. The result is that Executive Link veterans are more profitable than other Ranching for Profit alumni. If you want to get in control of your business and your life, you'll find the support you need. We only accept members at our winter meetings. There is no obligation to join. If you attend and after participating decide not to join, you'll be charged only for the continuing education program \$100 (USD) or \$150 (CAN) per business, up to two people per business.

On Line Coaching

Ask yourself:

- Have we created a meaningful shared vision for our family and ranch?
- Have we translated that vision into a practical action plan?
- Have we clearly and effectively defined the roles in our business, created performance targets and held partners, employees and family members accountable for results?

- Do we use the economic planning process effectively (e.g. stockflow, cash flow, gross margin analysis, benchmarking)?
- Have we applied all of the concepts from the Ranching For Profit School we had hoped to by now?
- How much time and emotional energy do we waste feeling guilty about not having our “WOTB” done?

How far could your business go and how fast could you get there if you were more effectively working on your business? More to the point, are you ready to do something about it?

I have created a series of 14 short, interactive on-line coaching clinics to help Ranching for Profit School alumni:

- Create a shared vision statement for their ranch and a plan to achieve the vision.
- Complete an organizational chart describing critical effectiveness areas and create performance targets to objectively measure results.
- Apply the Ranching for Profit Economic model to project cash flow and profit for the year.
- Start a pasture monitoring program including photo points and measuring forage.
- Complete a business report for your ranch.

From the comfort and convenience of your home, I'll work with you to apply these and other critical RFP principles to your business. At the end of each clinic I'll give you an assignment to apply the principles just discussed to your situation. By participating in these sessions you'll be refreshed on RFP principles and be held accountable for implementing your good ideas.

It's FREE! At least the first one is. Before deciding to participate in the entire series we invite you to attend the first seminar free of charge. The first clinic will get you started creating a meaningful shared vision for your ranch. If you'd like to participate in the first seminar e-mail our office. You'll receive an on-line invitation with all of the information you'll need to participate.

After sampling this free 1 hour clinic, you'll be invited to enroll in the series. The entire series of 14 webinars is \$500 (USD). Participating in this first session in no way obligates you to enroll in the entire series. (The entire series is available to Executive Link members for \$100 (USD).

Each of the subsequent coaching webinars will be offered at least twice. Timing will depend on the number of participants. They will also be recorded so that series subscribers can access them 24/7.

You have too much at stake not to get all of the value out of your investment in the Ranching For Profit Program. These sessions will refresh your mind, reinvigorate your spirit and help you move forward building a profitable, sustainable business. Email us today.

THE EXECUTIVE LINK CONTINUING EDUCATION PROGRAM IS OPEN TO ALL ALUMNI

We invite you and other Ranching For Profit School alumni and their families to attend seminars conducted by these outstanding speakers this winter. Each of these seminars is part of the continuing education program for Executive Link. We are opening this portion of the program to all of our alumni. The cost of each of these programs to non-EL members is \$100 (USD) or \$150 (CAN) and includes lunch. Call the RMC office to RSVP. Here's the run down:

Matt Pollock: Developing Ranch Recreation Enterprises

Colorado EL, Colorado Springs, CO 9:00 a.m.-1:30 p.m. Feb 9, 2005

High Plains EL, Billings, MT 9:00 a.m.-1:30 p.m. Mar. 1, 2005

Matt will help participants assess the potential for, and create a plan to develop ranch recreation enterprises in their businesses. If you've ever thought about creating a recreation enterprise, Matt's step-by-step approach will be invaluable to you.

Joel Salatin: Layering Farm Enterprises *Far West EL, Boise, ID 9:00 a.m.-1:30 p.m. Feb 17, 2005*

Joel Salatin's farm consists of several enterprises, any one of which could be a thriving business. BSE has highlighted the risk inherent in "one-dimensional" businesses. Joel will discuss concepts that increase profit and reduce risk by creating multiple profit centers.

Tim LaSalle: Critical Thinking

Alberta EL, Calgary, AB 9:00 a.m.-1:30 p.m. Feb. 21, 2005

Tim is the Executive Director of the Center for Holistic Management. He will conduct a workshop on critical thinking and belief systems.

Seating for the continuing education sessions is limited and RSVP's are required. To RSVP please e-mail or call us and let us know which program you will be attending and how many people from your business will join you.

UPCOMING RANCHING FOR PROFIT EVENTS

It is still only \$100 (USD) or \$200 (CAN) to repeat the Ranching For Profit School.

Ranching For Profit Schools

Billings, MT Jan. 23 - 29, 2005

Waco, TX March 13 -19, 2005

Executive Link Meetings

Colorado, Colorado Springs, CO Feb. 8 -10, 2005

Alberta, Calgary, AB Feb, 21-23, 2005

Far West, Boise, ID Feb. 17-19, 2005

High Plains, Billings, MT Mar. 1-3, 2005

*If you always do what you've always done, you'll always get what you've always had.
If you want something you've never had before, you must do something you've never done before.*

**If you would rather receive this newsletter electronically,
please e-mail us at rmc@ranchmanagement.com.**

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We are in the business of putting profit into agriculture!