

RANCHING FOR PROFIT

SIGNS OF SUCCESS

Dee Whitmire was the county agent who ran the 4-H program where I grew up. He taught me that in livestock judging it is important to trust your first impressions. He said your gut reaction will be right over ninety percent of the time. I'm grateful to Dee for a lot of things, but for that lesson in particular, because I've found that it applies to a great deal more than just judging livestock.

Like everyone else, I can't help but look around a bit when I visit a farm I haven't been on before. First impressions often tell you a lot about the profitability of a ranch. Here are a few of the things that I notice:

FIXED ASSETS

Equipment and facilities that make us the most productive producers in the world are one big reason we are also the least profitable. Seeing lots of vehicles, machinery, and buildings on a farm or ranch is a red flag warning that a business may be over-capitalized. Remember there are two ways to increase return on investment. The one we have traditionally focused on is to increase the return. The other, usually neglected way, is to reduce the investment. At the first *Ranching for Profit School* I attended back in 1988, Stan Parsons told us, "The biggest piece of equipment you need on a livestock farm is a wheel barrow, and you only need that if you are crazy about equipment." Some would argue, but you have to have equipment to farm. But do you have to farm to ranch? And, if you do, do you have to own the equipment?

We use a rule of thumb at the *Ranching for Profit School*: if a piece of equipment doesn't pay for itself, and its operating costs within the year you buy it (that includes the cost of labor to run it), don't buy it.

WORKING AGAINST NATURE

One look at the calves in October or November and you'll know if a business is working with or against nature. If you see calves that weigh more than 450 pounds you are probably looking at a business that is structured to fight nature. Early calving has made us more productive, but it comes at a price. We pay the price of fighting nature through higher facility and equipment costs, higher labor costs and higher feed costs.

THIN COWS AT CALVING

Thin cows at calving is another red flag. Cow body condition at calving is the single biggest reason that cows don't reconceive on schedule. That's why one of the biggest economic impacts of drought is the poor reproductive performance the year after the drought.

SOIL

Soil is not suppose to be seen. It is supposed to be covered. In fact, as Australian Scientist Dr. Christine Jones puts it, "*Soil can not function effectively as a living biological system unless it is permanently covered with living plants or plant litter. Take the plants away and you lose the soil. It's as simple as that.*"

TECHNOLOGICAL SOLUTIONS

If technology were the answer to our problems we'd have fewer problems and the problems would be getting simpler. But it seems the more technology we employ, the more numerous and complicated the problems. One big reason is because applying the technology usually requires equipment, labor, energy and even more capital investment in our businesses which are often already over-capitalized.

ATTITUDE

Are the people relaxed and positive, or are they wound tight as a drum and wearing a frown? Do they look for reasons innovations won't work or do they look for ways to use new ideas? Do they accept personal responsibility for the problems they face or do they blame the government, the drought, the feeders, the environmentalists, etc. We all work in the same social, political and economic environment. It is not the situation, but what we do about it that makes the difference.

Dee Whitmire taught me that the biggest thing that would determine my success or failure was me. He was right then. He's right now. Thanks Dee.

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