

The Business Of Farming: Working With Nature

It is not the situation but what you do about it that determines the future

By S. D. Parsons

Raising cattle is a simple business. They mostly do it on their own - provided that they have access to water and grazing. Peasants with no formal education have been doing it for thousands of years. What is a little trickier is how to make money from the cattle enterprise. Through our much vaunted scientific efforts we have added enormous layers of expense in our efforts to satisfy what is essentially an ego trip in man's race to be better than nature.

Nature may not achieve the same growth and reproduction rates that we would like to see on our commercial farms and ranches but when one calculates 'natures' gross margins untrammelled by enormous expenses in direct and overhead costs, nature wins hands down. This is not to suggest that we let the zombies run wild, but it is to suggest that we take a harder look at what we do and why we do it.

Don't be fooled by what you hear about American production figures. Having worked with some of the world's top ranchers for over two decades I can tell you that though their production figures might knock your eyes out, and though those overweight, over-pampered animals at the Houston & Denver Stock Shows might be the envy of many a breeder, the bank balance tells a different tale. Ranching in America is a hobby industry, affordable only by the very rich or part time ranchers who don't depend on the livestock for a living.

Of the approximately 1 million cow-calf producers (breeding herds) in America over 90 percent have 50 cows or less. The last statistic I saw was that the average producer has 19 cows. Only 5 000 ranchers have 500 cows or more, and as I said previously they are usually owned by the very wealthy who can afford to make a loss while using them as a tax right off.

The reason they don't make money is not difficult to find. Like so many agricultural enterprises the emphasis is on production. Cattleman don't boast about their gross margins, they boast about their weaning weights or rates of gain in the feedlot. The animal scientists and the universities must share a large part of the blame for this state of affairs. Their total ignorance of business matters and naivety about matters economic have led many a cattleman up the garden path.

Two 'red flags' I attribute to the scientists are early calving and single-sire bulling. The norm in America and many parts of Canada too, is to calve in winter, that is during the months of January to March. Except in the extreme southern states grass green-up and growth does not occur before early May. That means that when the cows nutritional requirements are at their peak the natural food supply is at its lowest. These people are not entirely devoid of common sense, they recognise that cows require a high plane of nutrition to conceive and calve again so out comes the feed-sack, or more commonly, the hay-bale.

It makes good animal husbandry sense to feed a cow so that she is in good body condition at calving. (Incidentally, body condition at *calving* and not at bulling is the key factor that determines re-conception.) But making and feeding substitute feeds, like hay and silage, costs money – most of it in the form of machinery and labour

largely hidden in overheads. It doesn't take a rocket scientist to recognise that two to four tons of hay at a cost of around US\$ 80 eats up more than half the gross income from the herd.

So why do they do it? So that they can get good weaning weights, that's why! But forget weaning weights and concentrate on gross margins. The great majority of my clients have done just that to advantage by working with nature and not against her. Delaying calving so that it coincides with grass growth eliminates a whole layer of expenses. We still meet our target of 90 to 95 percent conception and achieve gross margins that keep us in business. Surprisingly weaning weights are hardly affected at all.

My other pet red flag is small herds. Of course we have to know which bull sired which calf so that we can keep the appropriate records - or so it is said. The usual excuse for this archaic practice is that we must have this information so that we can improve genetic performance. Once again I challenge the practice on the grounds of its impact on the bottom line. Pause for a moment and consider whether it takes more labour and more time to manage one herd of 500 cows or ten herds of 50 cows? Smaller herds mean more time, more labour and more cost (again largely hidden as overheads) for very little gain.

If you can afford to be hobby farmer by all means work against nature. If the bank balance can stand it and it makes the heart happier good luck. If, on the other hand you run cattle as a business try working with nature and not against her. You might find it pays.

In my next article I will explore strategic issues that determine whether the cattle enterprise will make or lose money.

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