

## Preface

Stan Parsons once wrote that ranching is “financially unattractive and economically unrewarding.” He is right. Most ranches aren’t profitable and only survive because we subsidize them. We subsidize them with off-farm income and by paying ourselves less than we’d have to pay if we hired someone else to do the work. We subsidize them with inherited wealth. (How many ranchers would be ranching today if they had to start their ranch from scratch?)

There is nothing wrong with subsidizing a ranch. But in spite of these subsidies, family-owned and operated ranches are disappearing at an alarming rate. According to the U.S. Census of Agriculture, there are 10% fewer cattle ranches in the United States today than there were just 20 years ago. Family ranches are becoming an endangered species. This trend underscores a fundamental problem: a ranch isn’t sustainable unless it is profitable.

Ranch Management Consultants, is not out to save the world. We are out to save your ranch. Our mission reads: *Healthy Land, Happy Families and Profitable Businesses. Your land. Your family. Your business.* If you think that the word “save” is a bit strong, consider Kyle Marshall, who ranches with his wife, Kristen, in Burwell, Nebraska. Kyle and Kristen were about to join the more than 75,000 ranching operations that disappeared in the last two decades. When asked what difference our programs made to their operation, Kyle said, “We wouldn’t be in business if we hadn’t gone through that school. Things were that bad.”

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“That school” is *The Ranching For Profit School*, established by Stan Parsons in 1981. Through the school we have taught thousands of ranchers on five continents about economic planning, cell grazing and how to manage a family business. The school is based on a simple idea: knowing how to raise livestock is not the same as knowing how to run a *business* that raises livestock. We focus on the latter, not the former.

Our alumni program, *Executive Link*, is based on two equally important concepts. The first is that when you are self-employed, you work for a lunatic. It's not a matter of intelligence or work ethic. The issue is accountability. If you are anything like the rest of us, you tend to work on the things you enjoy and the things you are good at. The problem is, those aren't always the things that need to be done. We can be so busy doing the \$10-per-hour jobs that we never get to the \$100- and \$1,000-per-hour jobs.

The second concept is that it is almost always easier to solve our neighbor's problems than our own. We lack the objectivity to see our own situation clearly.

In *Executive Link* we organize *Ranching For Profit School* alumni into peer advisory boards. The boards follow a structured process to review each board member's business and provide experienced, objective input on the issues each member faces. Each member leaves the meeting with an action plan showing who will do what and when. At the start of the next meeting members are held accountable for the actions on their plan. One member summed up the difference this objectivity and accountability made to his ranch. He said, “Making million-dollar changes is what it boiled down to for us.”

I've been writing *ProfitTips* (formerly called *ProfitPoints*) for nearly eight years. It began as a newsletter to keep our alumni thinking about *Ranching For Profit* principles and aware of upcoming events. Shortly after the first column we expanded the circulation to anyone interested in sustainable ranching. Twice every month a new edition of *ProfitTips* is sent to thousands of subscribers.

This book is a collection of re-edited *ProfitTips* articles sharing principles and practices that can improve the health of range and pasture land, improve the relationships in family businesses and increase the profitability of ranches. *Your* land. *Your* family. *Your* ranch.

I have nothing against saving the world; I just want to start with your place.

## Introduction

### **What Have You Done to Me?**

My mother and father divorced when I was young. My sister and I were raised by my mother on a small Northern California farm. Dee Whitmire, the Cooperative Extension Farm Advisor for our county, saw a family in need and got us involved in 4-H, me with sheep and my sister with dairy cattle. I was two years too young to join 4-H, but Mr. Whitmire bent a rule or two and found a way for me to participate. At the fair that summer, when most of the lambs were selling for 30¢ per pound, he arranged for someone to buy mine for \$1 per pound. That was unheard of back then. A couple of weeks after the fair, he drove up to our house with three commercial ewes in the back of his truck. He told me that with the money I'd made, I could buy them if I wanted. That was my start in ranching. Mr. Whitmire helped guide a lost family on a positive path toward a brighter future.

Mr. Whitmire didn't help us because it would make him money, advance his career, enhance his image or make us indebted to him. He helped because he could. In fact, it was his job to help people. From those early years I thought, "What a wonderful job to have." So I set my sights on being an advisor with Cooperative Extension.

Fast forward 22 years. As a University of California Livestock and Range Advisor, my assignment was to help livestock producers solve the operational problems they faced by conducting research and providing training. I felt I was in over my head. Sure, I'd had courses in range management, reproductive physiology, ruminant nutrition, soils and agronomy. I'd even had courses in economics. I had practical experience working on our own place and as day help for commercial ranchers in our area. But in spite of my training and experience, I wasn't qualified to give my clients what they needed. In fact, I didn't even know what they needed.

That changed after I attended *The Ranching For Profit School*.

I'd heard about Dr. Stan Parsons and Allan Savory when I was a student working on my undergraduate degree in range management. My professors talked about Parsons and Savory as heretics who told ranchers to "rotate animals around in circles." Of course, that isn't what they were saying. They were offering a different way to manage land, animals, money and people. More importantly, they were proposing a radically different way to think about ranching.

Stan and Allan went their separate ways in the early 1980s. That's when Stan established Ranch Management Consultants and developed *The Ranching For Profit School* and *Executive Link*. After attending the school in 1988, I focused my research on the application of the *Ranching For Profit* principles to ranches in Northern California.

When I repeated the school the following year, I had two objectives. My first objective was to deepen my understanding of the *Ranching For Profit* principles. Repeating the school is like peeling the layers off an onion. Every time you attend you find

"I cannot teach anybody anything; I can only make them think." Socrates

new ideas and applications you didn't see before.

My second objective was to learn how to teach. When it came to teaching, Stan was a master and the classroom was his canvas. The school wasn't like any class I'd taken in college or any extension meeting I'd attended. Stan taught by asking questions and leading students to their own revelations. In addition to offering a lot of new ideas, he helped each of us look at our old ideas and experiences differently. It was the most effective learning experience I'd ever had.

You could have knocked me over with a feather when Stan asked me if I would be interested in teaching for him.

I taught my first *Ranching For Profit School* in 1992. The class was in New South Wales, Australia. I joked that Stan figured the further away from home I went, the more people would assume I knew.

After my first day teaching, Stan, who had been observing from the back of the classroom, offered me a beer and a debriefing. He began by asking me what I thought the purpose of the school was. I responded with something to the effect of “to give people the tools to build sustainable businesses.” Stan slowly shook his head and said “no.” He said the purpose was much more important than that. It was (and is) to challenge the way people think and to help them see things differently.

I wasn’t convinced. Back then I didn’t understand how just seeing things differently could be as important as learning the economic processes, applying the cell grazing principles or creating a strategic plan and holding people accountable to it. I do now. Nothing will change until you see things differently.

Our beliefs determine our actions. Our actions determine our results. Consider this pragmatic example. If I believe that big calves and high prices are the keys to making a profit, I will take actions that result in big calves and higher prices. On the other hand, if I believe that profit will be increased by building a business that mimics nature, and that profit has very little to do with weaning weights or prices, my actions will be very different. It all starts with changing the way we see ourselves, our ranches and the challenges we face.

Watching me teach that first school, Stan must have felt like he was watching his daughter go out on her first date with a Hell’s Angel. But Stan continued to ask me to develop curriculum and teach schools for him. In subsequent years I taught *Ranching For Profit Schools* in the U.S., Canada, Mexico, Africa and Australia (in Australia it is called *Grazing For Profit*).

After one of the schools in Australia I spent a few days with Ian, a student from the class. Ian's wife drove from their home to pick us up at the school. As Ian drove us home he pointed to some tractors and farm equipment, saying, "Look at all of those fixed assets. Think about the depreciation costs he has from all that heavy metal every year." A few minutes later he pointed to a paddock on the other side of the road, saying, "There's grass in phase I and phase III side by side. That paddock must be understocked and overgrazed." We hadn't gone another kilometer before he nodded in the direction of someone spraying weeds and said, "He's treating symptoms, not getting to the cause of the problem." We passed two signs next to the driveway of another farm. One sign said "For Sale" and the other said "Farm Auction." Ian remarked, "There's someone who got stuck in a paradigm." Ian's wife looked at him like he was speaking a different language, which he was. When Ian saw her look, he turned back to me and exclaimed, "What have you done to me?" Ian was seeing things differently.

My hope is that the essays that follow will challenge your thinking about ranching. I hope they help you see yourself, your ranch and the challenges you face differently. That is the first step to healthier land, a happier family and a more profitable business.