

# IN THE BLACK



Ranching for Profit™ seminars help producers see their operations as a business, not just a lifestyle.

## Ranching For Profit is The Business School of the Livestock Industry

Savanna Simmons for Tri-State Livestock News

Knowing how to raise livestock is not the same thing as knowing how to run a business that raises livestock. This is a basic concept of the Ranching for Profit School, said Dave Pratt, owner of Ranch Management Consultants, Inc. The school is offered to ranchers to maximize profitability and create peace within working ranching families, among many other things.

### Healthy Land, Happy Families, Profitable Businesses

Ranching for Profit was borne of two men working together to combine their skills. Businessman Stan Parsons worked with Allan Savory, who contributed grazing and ecology concepts, Pratt said. Together Parsons and Savory taught a school focused on cell grazing, animal production and economics for a few years in Zimbabwe and South Africa.

Pratt said Parsons and Savory started teaching a two-week program in the U.S. in the late 1970s. They dissolved the partnership a couple years later and Savory started the Center for Holistic Resource Management. Parsons started Ranch Management Consultants and the Ranching for Profit School.

“While [Parsons] didn’t put it the way we do, ‘Healthy Land, Happy Families and Profitable Businesses.’ [Parsons’] mission was the same as ours today. He referred to the school as ‘The Business School of the Livestock Industry.’”

### Sticking to their core

Ranching for Profit (RFP) is a revolutionary school that uses examples and hands-on practices to teach ranchers how to build a sustainable ranch, which means structuring it to work with nature, Pratt said. This means “having enterprises that fit the environment and having a production schedule that minimizes the need for inputs and maximizes management options, for example, exploring destocking options in drought.”



Ranching For Profit uses hands-on activities to keep students engaged. Oklahoma rancher Clint Olsen writes on the flip chart as Jim Listen of Colorado, in the center, and Orlando Orona, of New Mexico, participate in the activity as other students look on.

The teaching techniques have evolved quite a bit, Pratt said. “We do not believe in ‘death by power-point.’ The school is very participatory. We use short lectures in which we involve the class, followed by short videos of alumni who have implemented many of the concepts, followed by case studies, then team discussions of the implications of the concepts to their own ranches, and finally individual exercises to look at the practical implementation on people’s ranches.”

### **Short-term versus long-term**

A variety of ranchers and business owners attend RFP, ranging from “people who own or manage over a million acres and run over 10,000 cows to...someone who has less than 100 cows but wants to get to the point where they can quit their day-job,” Pratt said.

The principles of business don’t change from one outfit to the next, but where they start does.

RFP offers short-term actions people are encouraged to take to stabilize the operation.

“If someone is in crisis, before we look at the big, long-term strategies, we first need to stop the bleeding,” Pratt said.

Once short-term problems are solved, RFP has the rancher take a step back and look the big picture.



Ranching For Profit School Instructor, Allan Crocket involves the class to make a point about soil capping and the water cycle.

“We have them define and quantify what owner value means to them, then we work with them to identify strategies to restructure their business to achieve their owner value targets,” Pratt said. “We show them how to set long term goals and performance targets and to create a time line showing what they need to do and when they need to do it to hit those targets.”

### **The difference**

“In most cases our parents teach us how to do the physical work of ranching. The result is that our relationship to the ranch is that the ranch is our home and ranching is our job. No one ever taught most of us how to run a business,” Pratt said. Upon leaving the Ranching For Profit School, students have the tools and perspectives to change their relationship to the ranch, so that in addition to being their home and their job it is also their business, he said.

### **Attend, learn, repeat**

Multiple students attend RFP more than once.

“Sometimes I think attending the school can be a little like getting a drink of water out of a fire hose,” Pratt said. “There is a lot of stuff we go through in a short amount of time. In spite of going through everything multiple times in multiple ways, it is a lot of stuff to absorb.”

Students are provided with a reference manual with step-by-step instructions on all of the processes RFP uses and post-school support for those who seek it.

Those who attend a second or third time “say that the second time is even better than the first (and the first is pretty darn good),” Pratt said. “Even bigger things happen the second or third or fourth time around.”

Pratt said people repeating the school are more relaxed than they were when they first attended and find it easier to see their ranch more objectively.

“It’s not that people don’t learn enough to implement changes after the first school, it’s that the school has several layers to it,” Pratt

said. “It’s a lot like peeling an onion. Every time someone attends they go deeper and find more than the last time. I’ve had people ask me, ‘Why didn’t you cover this last time?’ when in fact we did cover it. They just weren’t ready to hear it.”

### **An investment**

The Ranching For Profit School is \$2,750 for the first person and \$2,000 for each additional person. (Alumni can repeat the school for \$500.) This may feel like a financial stretch to some, but Pratt considers it an investment.

He said RFP is a “small investment to better manage an asset usually worth millions, but there is more than money at stake. What’s the value of successfully transitioning the ranch intact to the next generation? What is the value of stronger family relationships? What would someone be willing to pay to improve their annual profit by \$250,000?”

### **What to expect**

During the week-long school, students should expect: “the best educational experience they have ever had. They should expect the instructor to know his stuff and to care about their (the student’s) success. They should also expect to have the opportunity at the school to apply the concepts taught to their own situation,” Pratt said.

### **People should also expect to be challenged.**

“While proven by our clients to be highly effective, many of the things we will be offering are not the norm in the livestock industry,” Pratt said. “When you have thought a certain way about certain things, and done things a certain way your entire life, it can be difficult to have these beliefs and practices challenged.”

### **Testimonials**

JD Williams, manager of the Four Three Ranch in Lusk, Wyoming, has attended RFP multiple times and encourages all full time employees in their ranching organization to

attend the RFP class with all expenses paid by the ranch, he said.

“It is the most beneficial program I know of to add value to employees and ultimately to the ranching organization. The tuition would be cheap at twice the price.”

According to Williams, ranching “consists of the management of natural resources, capital, and animal or crop production. Effective management coordinates these individual disciplines so that the level of profit is adequate to compensate the people/ownership in any ranch organization. The RFP program encourages proactive management in ranching.”

Colorado Rancher Roy Gillham attended RFP with his wife Brandee in Billings, Montana, in January 2015.

After hearing of the Ranching For Profit School from a relative who is an alumna, Gillham attended with the intent to help smooth family operations.

“We were looking for ways to improve and facilitate generational transfer on a family ranch,” Gillham said. “The class was fantastic, informative, and very well taught.”

Gillham said the school improved their family situation, and he walked away from the class with tools he didn’t have in his belt before.



At the Ranching For Profit School implementation is as important as education. Montana rancher Larry Melhoff and Sheldon Atwood from Utah discuss the application of Ranching For Profit concepts to their businesses.

“The most important tool I picked up were the financial benchmarking tools to analyze the business,” he said. “Benchmarking tools were developed specifically for the cow/calf enterprise. As you work through a series of calculations of your own numbers it will provide direction as to which areas of the ranch are in good shape and which are dead weight. They give a person hard numbers to evaluate, leaving out the emotional bias.”

### **Alumni Programs**

In 1992, Parsons started Executive Link, RFP’s primary alumni program that consists of three meetings per year.

“Executive Link is based on two ideas: first, it is always easier to solve someone else’s problems than your own, and second, when you are self-employed your boss is a lunatic,” Pratt said.

In EL, RFP alumni meet as peer advisory boards. Boards follow a structured process to review each other’s businesses and recommend actions.

EL includes step-by step assignments that members use to create a shared vision and a plan to achieve it, define roles and accountabilities, create a property development

plan, grazing plans, analyze enterprises, and more. Pratt said, “Everyone leaves each meeting with a prioritized action plan and board members hold one another accountable to implement those actions.”

Executive Link is designed to continue changes and growth that began in the Ranching For Profit School. “The transformation from where these businesses start to where they wind up is amazing,” Pratt said. “The average difference is an increase of 5 percent return on assets in three years. That is \$50,000 per year per million dollars of assets managed.”

The EL assignments are currently being reworked, Pratt said, and will be available to all alumni, not just EL members, in a program called RFP Next Steps.



Ranching For Profit School instructor, Dallas Mount, shares insights and techniques that will help ranchers increase profit.