A Vision for Management

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Speaker

Consultant

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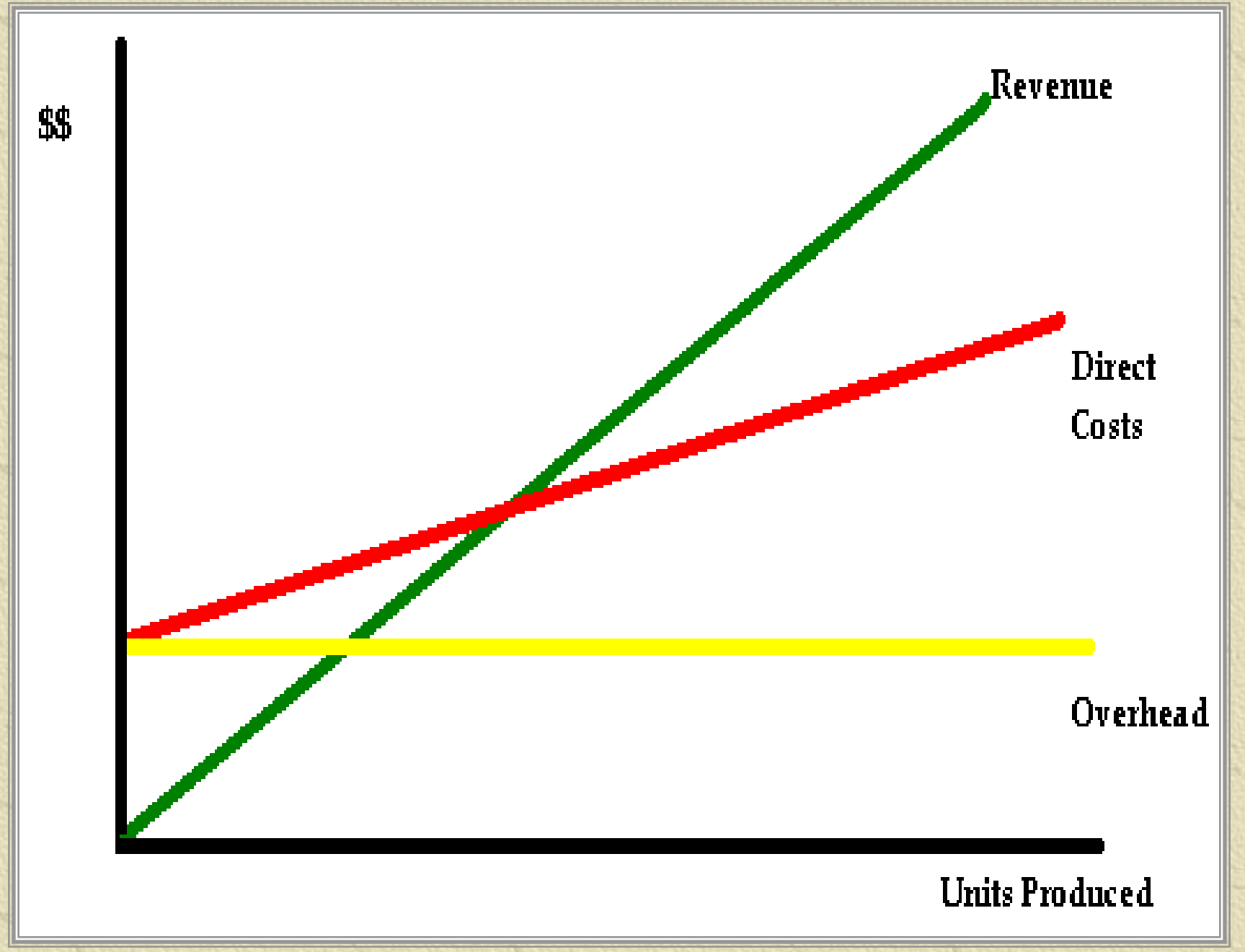
Four Areas to Manage

- Production
- Economics/Finance
- Marketing
- People

Three Ways to Improve Profit

- **Increase turnover**
- **Decrease overheads**
- **Improve gross margin**
  - **– Total returns – Direct costs**


$$
Revenue
Direct
Costs
Overhead
Units Produced

Five Essentials of Ranch Management

1. The approach must be both integrative and holistic
2. Continuous improvement of the key resources – Land, Livestock, People
3. Use of good planning and Decision making tools
4. War on cost
5. Emphasis on marketing


Vision for Management
Sustainability
Goal Setting
Financial Tools

Vision for Management

- Strategic Planning
  - ***What*** should our operation be?
  - ***What*** do we want it to be?
- Shared Vision
  - Complete buy-in—not coerced.
  - Meetings, discussion, learning/teaching.
- Implementation
  - ***How*** do we get it done?
  - Plan tactics and operations.

Strategic Planning

***What** should our operation be?*

***What** do we want it to be?*

- Enterprises and size of each.
- Methods
  - Minimum tillage, no til, etc.
  - Soil building methods
  - Grazing Method
  - Breeding Plan
  - Calving date
  - Marketing Plan

Remember:

- Three ways to improve profit:
  - Increase Turnover
  - Decrease Overheads
  - Increase Gross Margin
- Three very important ratios:
  - Acres per cow or ada's
  - Fed feed vs grazed feed
  - Cows per man

Shared Vision—
Nothing more Important

- Complete buy-in—not coerced.

- Meetings, discussion, learning/teaching.
  - Let others teach for you.
  - Visit other farms or ranches
  - ***Listen***—allow team members to help form the strategy and the vision.

Implementation:

- ***How*** do we get it done?
  - Don’t let this drive or define the strategy.
  - Remember—convenience and personal comfort is secondary to profit.
- Plan tactics and operations.
  - Know what you’re doing, why you’re doing it and how to do it.
  - Wage war on cost.
  - Improve and protect the soil, the crops and livestock, and the people.

Sustainability

- What is it?
- Why do we care?
- Are we smart enough to do anything about it?

Sustainable

This word should have something to do with durability and permanence.

- Ecologically. If it is not ecologically sustainable, it won't be economically sustainable.
- Economically. If it is not economically sustainable, who will be here to farm.
- Socially. Do you have any concerns that the true meaning has been distorted or modified to fit any agenda?

Sustainability:

Why do we care?

- We want succeeding generations to be on the same land with the ability to make a living.
- We love the land and the challenge of making it better.
- We, like our city friends, want clean water, clean air and safe food. And, we can play a major part.

Sustainability:

Are we smart enough to do anything about it?

- Are we?
- The ecosystem is very complex and many of us work mechanically with linear thought processes.
- We don’t know much about ecosystem processes and how the ecosystem reacts to our actions.

Goal Setting

- What is the purpose of a goal or objective?
- On what metrics should goals be placed?
- Can a direction sometimes be better than an absolute goal?
- How do you watch for unintended consequences?
- How do you adjust the goal when unintended consequences occur?

Goal Setting

- The process should be very holistic and requires a “systems” view.
- Watch for antagonisms. Examples:
  - Cost of production and yield goals.
  - High weaning weights with cow size, milking ability, fertility and carrying capacity.
  - Does your crop protection program do damage to the soil and soil health?

Financial Tools

- Modern computer capability for
  - Data capture
  - Data storage
  - Data presentation
  - Analysis
- Mechanized accounting programs
  - Budgeting
  - Accounting
  - Reporting to owners, IRS and managers.

Budgets

Should begin with

- A crop rotation plan
- A stock flow plan

CLASS OF CATTLE	ON HAND BEGINNING	% BORN	# BORN	BUY	% LOSS	# LOSS	SOLD	ON HAND ENDING	NEXT BEGINNING	AU's COEF	AU's	MO HELD
COWS	3,900	93%			1%	39	774	3,087	3,900	1.2	4,680	
H2'S	1,100	89%			2%	22	265	813	1,100	1.2	1,320	
H1'S	1,450				2%	22	328	1,100	1,450	0.7	1,015	
HFR CALVES			2,303			-	303	2,000			-	
STR CALVES			2,303			-	2,203	100			-	
STKR STEERS	-				2%	-	-		100	0.7	-	9.0
STKR HFRS	550				2%	8	542		550	0.6	248	9.0
NOBR BULLS	100				2%	2	50	48	100	0.7	47	8.0
BULLS	140			-	2%	3	45	92	140	1.5	210	
TOTAL	7,240			-			4,510	7,240	7,340		7,519	

I like the following:

Production Metrics (Indicators)

- Lbs. weaned per acre
- Yearling gain per acre
- Total gain per acre
- Pregnancy rate (%)
- Weaned calf crop percentage

Financial Metrics

- Cost per cow
- Cost per calf
- Cost per lb. of calf weaned

- Cost per yearling
- Cost per lb. of yearling gain

- Average sale price of cows compared to the cost of developing a replacement heifer

- Financial and production metrics along with a balance sheet and income statement enable a careful evaluation of your business.
- The financial and production metrics need to be compared side by side.
- If you do that each year and even more often, you will make continually better decisions.
- These records along with field monitoring allow you to correct mistakes and make continuous improvement.

The Manager's Job *– to create an environment in which people want to excel and then provide the tools, training and freedom to do it.*


Leadership *is best gauged*
by the **VOLUNTARY** *response*
of those being led.

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Holistic Approach

Systems Approach

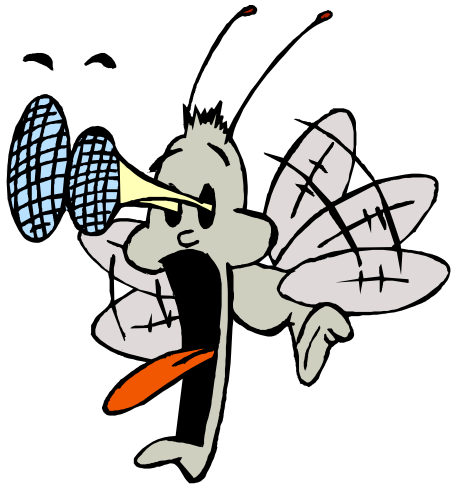
Enabled by integration

High growth rate bulls

High Milking Ability

Sophisticated Cross-breeding

Wormers and Insecticides



To improve the land:
Planned, Time Controlled Grazing

One year plus since last graze

21- 30 days since last graze

To improve cattle--select cows for this!

A Foreman with his cowboys and student interns doing grazing planning.

Annual Cattle Flow

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Drought Plan

Heavy snow plan

This isn’t Grazing!

Why do we do this? It’s expensive!


RE'S"
WBOY STYLE
01.28.2009

How do I get to Efficient?

Minimal Development of Replacement Heifers

Right calving season
Reduce fed feed—increase grazing
Increase cows per man
Reduce acres per cow
Use inputs wisely

Cut overheads—really cut

Production Fits into the Marketing Plan

HOW? *Planning, Planning, and---*

Alignment of people, livestock, land

Large herds

Every man has his own herd (or herds)

Information feedback to know how your responsibility is progressing

High cows per person ratio

Careful coordination of reproduction, genetics, grazing and marketing

Short duration grazing – with lengthy recovery

Increase grazing – Reduce fed feed

Take advantage of heterosis

Calve in sync with nature

Small or moderate cow size

Moderate milking ability

With strategy in place -

three very important tactical areas

Graze Right

Daily effort preceded by good planning

Cull the Right Cows

"notch the exceptions"

Low Stress Animal Handling Techniques

"You can never get too good"