

*Five Essentials  
for  
Profitable Ranch Management*



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# *Create a Shared Vision*

A vision of what we want to become led by management with input from the team.

## ✦ Goals

- Financial
- Landscape
- Quality of Life

# *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

# *Whole Ranch Profit*

**It's Profit per Acre  
or Whole Ranch Profit  
that you strive to improve—  
not Production or even  
Profit per Cow.**



# Reduce Overheads Market Well

## Improve **Three *Key Ratios***



Acres per Cow

Cows per Man

Fed Feed vs  
Grazed Feed



# *Five Essentials of Ranch Management*

1. The approach must be both integrative and holistic





# Holistic Approach

## *Systems Approach*



**Enabled by  
integration**




# *Examples of “Systems Thinking”*

- ✦ Cattle Size and Growth Rate
- ✦ Milking Ability
- ✦ Heterosis (Hybrid Vigor)
- ✦ Calving Season
- ✦ Wormers and Insecticides
- ✦ Production Systems and Marketing
- ✦ Synchronize all this and More

# Major Determinants of Profits

- ✦ Enterprise mix and choices
- ✦ Overheads (Including People)
- ✦ Stocking Rate
  - Cow Size and Milk Production
  - Grazing & Pasture Management
- ✦ Fed Feed vs. Grazed Feed
- ✦ Calving Season
- ✦ Realized Herd Fertility
- ✦ Wise Input Use for Optimum Production
- ✦ Marketing





**So**  
***For Profitable Decision***  
***Making***  
***(Managing Ranch Resources)***  
***Become a Systems***  
***Thinker***





# *Five Essentials of Ranch Management*

2. Continuous improvement of the key resources – **Land, Livestock, People**

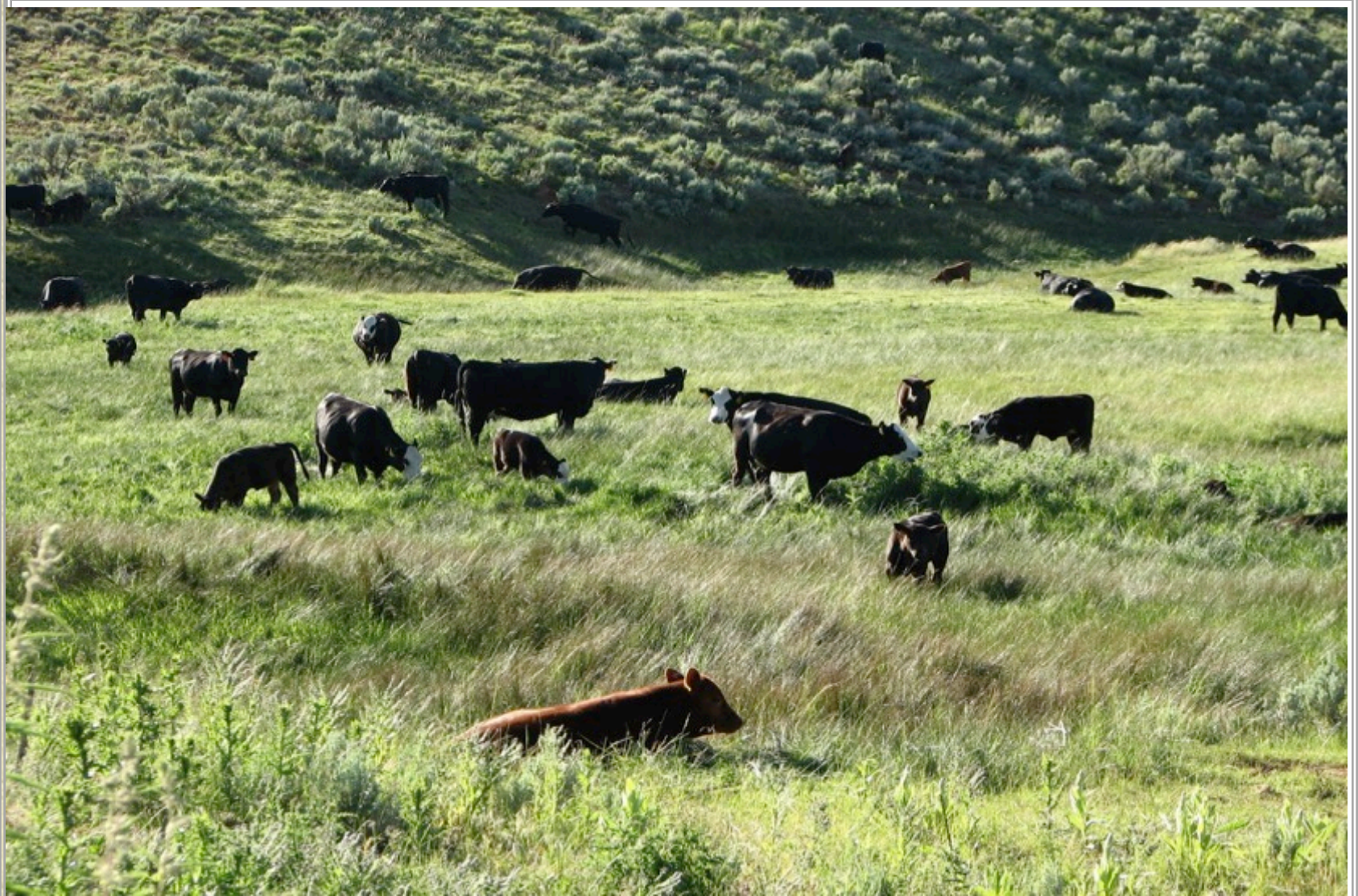
You would much rather own assets that **appreciate** than assets that **depreciate**.



*For improvement of land—Adaptive,  
Planned & Time Controlled Grazing*







*One year plus since last graze.*





*28- 45 days since last graze*

# *Adaptive Grazing*

- ✦ Short Graze Periods—followed by
- ✦ Lengthy Recovery Periods.
  
- ✦ Short and Long are different for each situation—season, rainfall, climate, plant regrowth rates, objectives, etc. That’s why it’s called “Adaptive.”



# *Adaptive Grazing*

*Will improve the land—the soil*

✦ Increase Carrying Capacity

✦ Greater Stocking Rate

✦ Better Animal Performance

– Fertility

– Growth

– Health

*Summer—SE Montana*





# *April—Missouri*





# *April—Mississippi*





# *April—Mississippi*






# *April--Texas*







# *Continuous Improvement of Livestock*

Begins with



*Cows selected for this!*



# *Cull the Right Cow*

✦ Open

✦ Dry

✦ Requires individual attention or help

✦ Wild

✦ Poor calf

✦ Ugly (your definition)

# *Select the Right Bull*

*---Be Really Careful!*

- ✦ Mature Size—“Moderate” or Small
- ✦ Milk—Most ranchers have and want too much
- ✦ Care Requirement—Do you have to feed them to keep them in condition? If so, do you want their heifer calves?





# *Continuous Improvement of People*

Begins with understanding the  
*Manager's Job*

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



# *Empowerment*

✦ Can I empower anyone?    **No!**

✦ Then what can I do?

– I can encourage.

– I can facilitate.

– I can reward

✦ **But**, empowerment is a personal thing. One must want to and work at becoming empowered.

*Managers Must be  
Teachers!*

When the Learner is Ready  
the Teacher Will Appear!



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





# *Five Essentials of Ranch Management*

## 3. Use of good Planning and Decision Making tools





# *Must Have*

- ✦ Good financial records.
  - Enterprise accounting by cost category.
  - Separation of **Direct** and **Overhead** costs.
  - A record of all sales listed separately
- ✦ Good production records.
  - Record of Animal Days per Pasture and Acre
  - Weaned calf crop percentage
  - Pregnancy rates
  - Weaning weights and yearling gain
  - Death loss

# *Computers, Tablets, Smart Phones* facilitate:

- ✦ Data collection, storage and retrieval.
- ✦ Managerial cost accounting.
- ✦ Analysis of past performance.
- ✦ Analysis of future possibilities.
- ✦ Budgeting



# *Annual Cattle Flow*

is the foundation for a good budget

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	

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





# *Drought Plan*

## Heavy snow plan







# *Five Essentials of Ranch Management*

## 4. War on cost

--Overheads

--Gross Margin

(Total Revenue-Direct Cost)



# *How do I get to Efficient?*




# *Matching Cow Size & Calving Season to Available Resources*



Effects on:

- Carrying Capacity
- Fed Feed vs. Grazed Feed
- Overheads
- Grazing Management
- Labor & Facilities
- Herd Fertility





Change the  
Calving Season  
to be more closely  
in Sync with Nature


# Increase grazing days and Reduce feeding days.





# *Minimal Development of Replacement Heifers*



- 
- ✦ Buy small replacement cows that fit my environment, OR
  - ✦ Raise replacement heifers from bulls and cows that fit my environment.
  - ✦ **Cut inputs and then----- “cull the right cow.”**
  - ✦ Longevity is a result of fertility and fertility is a result of environmental fit.





This isn't Grazing!  
Why do we do this? It's expensive!









A little hay and a lot of cured grass






They really will eat it.



*Coincidental with good grazing  
and calving in sync with nature:*

- ✦ Fewer herds to reduce need for fence and water sites.
- ✦ Increased herd size.
- ✦ Livestock occupying a very small portion of the ranch at any given time.
- ✦ Reduced need for fed feed.

Which leads to--

- 
- ✦ Less requirement for labor and equipment.
  - ✦ Higher cows per person ratio.



# *Five Essentials of Ranch Management*

## 5. Emphasis on marketing





*Production and Marketing  
Must Work Together.*





# *Short Calving Season*

Leave bulls with cows until  
preg check time



# *Cull the Right Cow*

✦ Open

✦ Dry

✦ Requires individual attention or help

✦ Wild

✦ Poor calf

✦ Ugly (your definition)



# *Select the Right Bull*

*--Don't undo what cow culling is attempting to do.*

- ✦ Mature Size—“Moderate” or Small
- ✦ Milk—Most ranches have and want too much
- ✦ Care Requirement—Do you have to feed to keep them in condition? If so, do you want their heifer calves as replacement cows?

## *Two Ideas after cutting inputs.*

### **Heifers:**

✦ Short exposure—lots of heifers

- Opens make good feeders
- Pregnants make good cows

### **Cows:**

✦ Short calving season

- Long breeding season. **What?**



## *Four Areas to Manage*

- ✦ Production
- ✦ Economics/Finance
- ✦ Marketing
- ✦ People



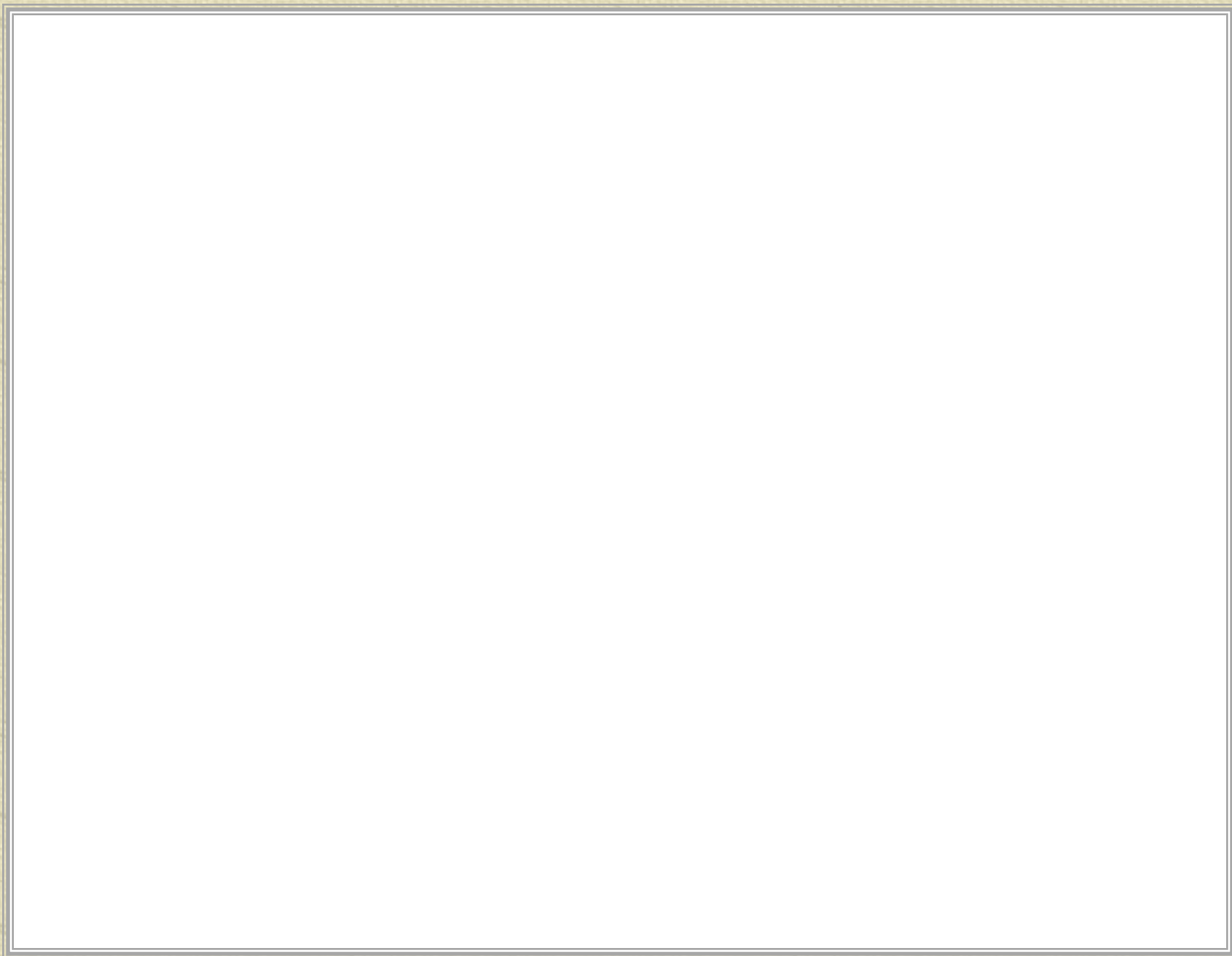
## *Five Essentials of Successful Ranch Management*

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

## *Three Ways to Improve Profit*

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







# *Adapted Cows, Calving Season & Grazing Management*



Effects on:

Carrying Capacity  
Fed Feed vs. Grazed Feed  
Overheads  
Grazing Management  
Labor & Facilities  
Herd Fertility

## *Results:*

- ✦ Appropriate Cow Size (typically smaller) and Stocking Rate (usually greater) happens.
- ✦ Profitable “open” heifers.
- ✦ Less fed feed. More grazing.
- ✦ Drought planning flexibility.
- ✦ Market opportunity for Bred Cows.
- ✦ Increased profitability.



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

Alignment of people, livestock, land

Large herds



Each person has his/her own herd (or herds)

Information feedback to know how your responsibility is progressing

High cows per man 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”

# *Cull the Right Cow*

✦ Open

✦ Dry

✦ Requires individual attention or help

✦ Wild

✦ Poor calf

✦ Ugly



# *Low Stress Animal Handling Techniques*



“You can never get too good”

# *Good Animal Handling*

- Better Performance
- More efficient gathers and pasture moves
- Less handler risk



## *Thoughts to Consider:*

- ✦ People first.
- ✦ Put Strategy before Tactics.
- ✦ Prioritize for Profit not Convenience.
- ✦ Think Soil before Plants and Animals.
- ✦ Think Return per Acre not per Cow.
- ✦ Heifer Breeding less than 30 Days.
- ✦ Don't Overdevelop Rep. Heifers.

## *Thoughts: cont.*

- ✦ Docile, Fertile, Productive Cows.
- ✦ Carefully Select Seedstock Provider.
- ✦ Select Bulls whose Daughters Fit.
- ✦ Don't Pamper Bulls.
- ✦ Don't Overdevelop Rep. Heifers.
- ✦ Reduce Overheads



## *Thoughts: cont.*

- ✦ Reduce Transportation Costs.
- ✦ Develop a “Not to do” List.
- ✦ Cow herd
  - Trouble Free.
  - Good Reproduction.
  - Adapted to your Location and Management.
  - Low Input—graze most of the year.