



Mad Cows

It was five years ago when the UK mad cow crisis exploded. They found 200,000 infected cows and destroyed 4,300,000 more. The British government told consumers "British Beef is wholly safe" in spite of an internal Ministry of Agriculture memo ten years earlier that warned that the new pathogen could have "severe repercussions to the export trade and possibly also for humans." They decided to keep news on BSE confidential. One could argue that the problem really started decades before with the misguided notion that ruminant animals should be fed something other than cellulose. It's bad enough that humans developed the habit of feeding them at all and nearly inconceivable to me that someone had the misguided notion that we could boost production and increase efficiency by feeding them rendered animal parts. We've come a long way. A long way from nature's way.

The good news from the UK is that tens of thousands of people didn't die a gruesome and tragic death from Creutzfeldt-Jakob Disease as some had predicted. The bad news is that 143 innocent, unsuspecting people did acquire the disease and have died, or will soon, in spite of the government assurances that their beef was completely safe. With an industry much smaller than ours, British livestock producers took a 10 billion dollar hit.

It was May when BSE was detected in Alberta. World-wide, predictably, governments over-reacted. Meanwhile Canadian officials insisted it was an isolated case, that they found the ONE and that it never got close to the human food supply. The result: cull cow prices in Canada tanked. Thank goodness for the severe drought in the preceding years, leading many to severely destock and deplete the cull numbers before the market collapsed. Bad is bad, but it could have been worse.

It Gets Worse

The progress on resuming normal trade raced at a snail's pace and then 2 days before Christmas, American cattle producers found a lump of coal in their stocking: BSE in the US. While the origin of the cow turns out to have been Alberta, sharing the lump of coal with everyone, this one made it to the dinner table. Oops!

Consumers are told the food is safe and that the USDA is making changes to make sure the food is even safer. That's just what the British government told their citizens 5 years ago. Consumers are getting mixed messages (e.g. If it is safe, why do they need to take additional steps?)

Thank Your Local Consumer

A number of us worried that the discovery of BSE would make American consumers go cold turkey on buying beef. That wasn't the Canadian experience. But Canadians were able to show that meat from the affected animal never got near the human food supply. That wasn't the case in the US. Not only did beef from this cow get into the human food supply, but at

least some of the beef from the group of cattle it was in has been consumed. So far consumers have not had the hysterical anti-beef reaction many ranchers feared. They have shown concern, asked good questions and made reasonable choices.

There are few things more unsettling than uncertainty about the security of one's family. As consumers have become more and more removed from their source of nourishment, through no fault of their own, they have had to trust farmers and government to assure its safety. The British government directly lied to its citizens about this very issue. Our governments have misled us before. American consumers have a right to be skeptical. As long as the USDA has the mandates of promoting beef and other ag commodities and ensuring the safety and wholesomeness of these products, there will be suspicion, and it will be justified. These mandates are in conflict with one another.

Pay Me Now Or Pay Me Later

BSE has prompted the USDA to take several actions. Some make sense, some are probably for show, but some of the biggest haven't been touched. If I were a rancher, I'd be pushing these policies:

1. Keep suspect carcasses out of the food chain until results are in. Duh.
2. Ban all animal by-products in the feed for ruminants.
3. Test to determine the extent of BSE in North America. France tests more cattle in one week than the US tests in a decade. Europeans test 1 in 4 cattle destined for human consumption. The Japanese test every animal destined for human consumption. In the US about 1 in 1,700 are tested. That's an improvement from the 1 in 10,000 we averaged over the past decade, but it isn't good enough to determine the extent of the problem. Given the two positives found in 2003, and the number of carcasses tested, one could extrapolate that there are 1750 BSE positive cows in North America. Of course, the sample size is too small to draw any conclusions. That's the point.

What-ya-gonna-do?

The day after the cow in Washington was found to have BSE an alumnus called me up to ask what I thought they ought to do: sell culls now or wait? No one has a crystal ball. When in doubt I recommend we go back to principle. Precipitate the crisis. When you think something is going to happen, it is usually best not to wait. Make a plan and implement it now. Selling early could beat the general panic and will preserve grass. That could create capacity to take advantage of opportunities later. Could it be the wrong thing to do? Absolutely. But there are two types of regrets in life: regrets about decisions we made, and regrets about decisions we failed to make. Most of us wind up regretting the things we failed to do.

At his recent workshop for the Colorado Executive Link, Bud Williams told participants that ranchers have three things in their inventory: Money, Grass and Animals. He said you can never have too much money or too much grass in your inventory, but you can sure have too many animals.

WE WANT YOU

I'd like you to join us at the next Executive Link meeting to experience what has become the most powerful alumni program in agriculture. The EL gives the structure and support alumni need to clearly identify their goals and build and implement a plan to achieve them. The program includes benchmarking to objectively evaluate your business. But most important our continuing education program, with speakers like David Kohl, Don Jonovic, Bud Williams, and others, and the networking among participants make the EL an exciting place to be. It is stimulating and empowering. It is a unique environment in agriculture.

If you are worried about the impact of BSE on your business, or are frustrated that you continue to be trapped by WITB, or need a shot in the arm to move forward, please accept my invitation to attend our next Executive Link meeting with no obligation to join. If after participating in the meeting, you decide not to join, you will only be billed for attending the continuing education program at this meeting (see below) and, of course your hotel costs. If you decide to join the Executive Link we will bill you for the yearly EL dues (\$2,495-US/\$2,995-CAN per business). The EL tuition includes **ProfitProbe™** analysis for your business, all of the continuing education programs (including Fred Provenza's special 1-½ day BEHAVE workshop exclusively for EL members), the EL meetings in 2004 and special rates on school tuition for others from your business.

I hope you'll attend the next EL meeting and consider joining the most powerful alumni program in agriculture. I know you'll find it a stimulating, insightful experience. We have a new CD describing the EL program. If you'd like to receive a copy with a schedule please call or e-mail our office today.

Winter EL Continuing Education Program

Even if you can't attend the entire EL program, you should consider attending the EL continuing education workshops this winter. The cost of each of these programs to non-EL members is \$150-US/\$200-CAN and includes lunch. The seminars include:

Joel Salatin: Building A Sustainable Ranch *Colorado EL, Colorado Springs, CO*
9:00 a.m.-1:30 p.m. (including lunch) Feb. 10, 2004

Joel Salatin's farm consists of several enterprises, any one of which could be a thriving business. BSE has highlighted the risk inherent in "one-dimensional" businesses. Joel will discuss concepts that increase profit and reduce risk by creating multiple profit centers.

Pamela King: Communication in Family Businesses *Far West EL, Boise, ID*
9:00 a.m.-1:30 p.m. (including lunch) Feb. 19, 2004

Pam is a licensed marriage and family therapist from Logan Utah who specializes in life transition, personal development, behavior management and conflict and trauma resolution. Her workshop will focus on building effective relationships within family businesses and improving communication.

Lloyd Steier: Entrepreneurship and Enterprise Creation *Alberta EL, Calgary, AB*
9:00 a.m.-1:30 p.m. (including lunch) February 24, 2004

Lloyd is the director of the Center for Entrepreneurship at the University of Alberta. He will help participants explore new strategies to create profit centers and generate revenue from family businesses.

David Kohl: Trends and Tactics to Profit from Them

High Plains EL, Billings, MT

9:00 a.m.-1:30 p.m. (including lunch) March 2, 2004

Dr. Kohl is the Professor of Agricultural Finance and Small Business Management and Entrepreneurship in the Department of Agricultural and Applied Economics at Virginia Tech. He will speak about emerging trends in agriculture and trade and strategically positioning your business for success.

Seating is limited for each of these programs and RSVP's are required. To RSVP please e-mail or call us and let us know which program you will be attending and how many people from your business will join you.

Error: In the last issue of the newsletter we included an email and website for David Parsons and his new business, Conservation Properties, Inc. The correct email is david@conservationpropertiesinc.com. His website is www.conservationpropertiesinc.com. We apologize for any inconvenience.

UPCOMING RANCHING FOR PROFIT EVENTS

<i>Executive Link Program</i>			
Colorado Springs, CO	Feb. 10-12, 2004	Boise, ID	Feb. 19 -21, 2004
Calgary, AB	Feb. 23-25, 2004	Billings, MT	March 2-3, 2004

If you would rather receive this newsletter electronically, please e-mail us at rmc@ranchmanagement.com.

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We are in the business of putting profit into agriculture!