



### ***The Meaning Of Business***

You have probably heard me say many times “Profit is to business as breathing is to life.” Without profit, ranching isn’t a business. It is just a hobby (and an expensive one!) But profit isn’t the purpose of a ranch business any more than breathing is the purpose of life.

I often ask ranchers attending my workshops to think of all of the reasons they ranch. The list always includes a dozen or more things: I want to work for myself; It is a great lifestyle; This is a good place to raise a family; Family Tradition; I had the opportunity; I love working with animals and working outdoors. Notice anything about the answers? They are all self-serving. None involve serving a customer.

Speaking at one of our Executive Link continuing education programs, Gregg Simonds said “You can only serve yourself through service to others.” A business must provide profit for the owner and salaries for the employees, but the primary function of business must be to serve others. A business is defined by how it serves someone other than yourself first.

Jim Horan, in his terrific book, *The One Page Business Plan*, poses several questions to help people create a mission statement. The following 5 questions, based on his work, can help you find the purpose of your business:

#### **1. *What is your product?***

Your product is probably not beef, lamb or even grass. In his book, *The E-Myth Revisited*, Michael Gerber makes a distinction between a business’s commodity and their product. He describes the difference between your commodity and your product this way: your commodity is the thing your customer actually walks out with in his hands (or in his truck). Your commodity might be weaned calves, grass fed beef, bulk wool, horse back riding, lodging, or whatever. The product is what your customer feels as he walks out of your business. What he feels about your business, not about the commodity. According to Gerber, understanding the difference between the two is what creating a great business is all about.

Gerber tells how Charles Revlon, the founder of Revlon cosmetics, said that “in the factory Revlon manufactures cosmetics, but in the store Revlon sells hope.” The commodity is cosmetics, the product is hope. Imagine how limiting a statement “making cartoons for kids” would have been for Disney. But by defining their mission this way: “to use our imagination to bring happiness to millions” the people at Disney opened the door to bigger possibilities. Remember, this isn’t the commodity you sell, this is the feeling your clients or

customers have when they leave. What is the value they receive? What is your product of service?

**2. Why will customers buy this product or service?**

There are lots of places that buyers can go to buy the commodity you produce. There may even be a lot of places where they can get the product you sell. Why would some one come to you to get it?

**3. What is your company committed to providing for your customers?**

*What do you guarantee your customer in every transaction?*

**4. What is the highest good that this business can achieve?**

If you are highly successful, what is the best outcome that can be achieved? At RMC we answered it this way: *Healthy Land, Happy Families, Profitable Businesses & Revitalized Rural Communities.*

**5. What passions are you trying to satisfy?**

I suggest you answer this question in two ways. First describe your customer's passion. Then describe your passion.

I suggest you hold a WOTB to work through these questions with all of the stake holders in your business. I think you will find defining the purpose will energize everyone and help you stay focused on what's important. Answering them will also provide some valuable insights for creating a marketing plan.

**Are You Working for A Lunatic?**

At the school I'm teaching in Billings two alumni repeating the school said that they used to hold WOTB meetings on a regular basis. In my experience, holding those meetings to address the strategic issues in our businesses is the single most important tool we have to improve communication and achieve our goals. They said that their meetings had been highly effective and wondered how they could get back on track. They realized that they stopped holding their WOTB's at home after they left the EL.

Someone once told me that when you are self employed, your boss is a lunatic. Self employed people are lunatics because they work on the things they want to do, not necessarily the things that *need* doing. We focus on the \$10/hour jobs while the \$100/hour jobs go undone. No one holds us accountable.

Most of us find that without accountability progress toward our goals is slow and frustrating. It is easy to get distracted from our purpose and difficult to find the discipline to get our essential planning done.

If you'd like to stop working for a lunatic I hope you'll consider attending our next Executive Link meeting. ROA in businesses that have been in the EL for at least 3 years averages 5% higher than the average ROA in ranching. That comes to about \$50,000 more profit per million dollars of assets.

Executive Link members will find some exciting changes to the program that will help them achieve even more dramatic results this year. We have just completed a one week training for our facilitators that we believe will ramp up the quality and consistency of facilitation for the boards. We have improved the processes members use in their meetings to explore issues, make decisions and create action plans. We have initiated a step-by-step curriculum that will be delivered by trained facilitators during their board meetings to help them develop a business plan with policies that address production, marketing, family succession, financial risk, drought and other crucial issues every ranch business needs to address. We will also train people to use **ProfitProbe™**. There are sessions at each meeting on completing the input book, but more importantly each board can participate in facilitated sessions on using the **ProfitProbe™** benchmarks to find the dead wood and restructure their business. Both the **ProfitProbe™** and the Business Policy sessions will be available to EL members on CD to review at home.

The networking at the EL and the synergy between members is stronger than ever and of course we continue to have outstanding speakers conduct the continuing education program at the meetings.

EL is a big commitment. Before you make that commitment we invite you to attend a meeting with no obligation to join. The meeting dates and locations are on the back page of this newsletter. If you are tired of working for a lunatic, would like to have the objective input and support of peers who will hold you accountable for doing the things that need to be done, you are welcome to attend the next EL meeting. We usually only accept new members at the first meeting of the year in each chapter. If you have any questions please call Sally Silvia, our Executive Link Coordinator.

***In Memory of Renee Rose  
1967 - 2007***

With heavy hearts we share with you the sad news of the passing of our friend and former assistant Renee Rose. Some of you met Renee at our Wichita Falls conference in Kansas or our Calgary conference in Alberta. Many more of you talked with her on the phone as she registered you for the Ranching For Profit School or wrangled with the hotels on your behalf. Renee was fun to be around and in reminiscing about the 5 years she worked for us I began to ponder how we make hiring decisions as business owners. In Renee's case there were other candidates that looked better on paper. Some had more reception and computer experience, most were better typists. But after interviewing 8 candidates Dave and I had no trouble choosing our favorite. She demonstrated a hunger for the job that made the other candidates seem indifferent in comparison. She was the only one of the eight who actually visited our website before the interview and she spoke passionately about our mission. She fervently believed in RMC's mission from day one until after she left us to start a new phase of her life last April. She enjoyed talking with so many of you and always remembered to ask about your spouses or your children. We didn't train her to do this. It was Renee's nature. As we've had to share this news with clients and vendors and friends everyone asks us, how are her girls? Anyone who knew Renee knew how much she loved her two daughters, which she had at a very young age and who were her highest priorities. They are both doing as well as can be expected, strengthened by their faith and family. Anyone who talked with Renee in person for more than 5 minutes

probably saw pictures of her girls and her grandbabies. She loved them passionately and they loved her equally. That is certainly a legacy we'd all be fortunate to leave this world with. Renee was the victim of a violent crime and anyone wishing to donate in her memory can ..... We will miss her.

<b><u>UPCOMING RANCHING FOR PROFIT EVENTS</u></b>
<b><i>Ranching For Profit Schools</i></b> <i>It is still only \$100 US (\$200 CAN) to repeat the school.</i>
Moab, UT Feb. 11 – 17, 2007
Visit our web site in Early April for the next season's schools
<b><i>Executive Link Meetings</i></b>
Colorado Chapter, Colorado Springs, CO, Feb. 12 -14, 2007
Far West Chapter, Boise, ID, Feb. 15 – 17, 2007
Canada West Chapter, Edmonton, AB, Feb. 19 – 21, 2007
High Plains Chapter, Billings, MT, March 6 – 8, 2007
Mississippi East Chapter, Roanoke, VA March 15 – 17, 2007

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*We are in the business of putting profit into agriculture!*

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