



The Trip Of A Lifetime

Last month I had an experience I'll remember the rest of my life. Traveling with a group of soon-to-be friends, I rafted 290 miles down the Colorado River through the Grand Canyon. The best description I can muster is "relentlessly beautiful."

I only knew three of the rafters prior to the trip, but got to know the other 12 in short order. Interesting how everyone's lives were so different yet we had all landed in this place at this time for this marvelous experience. There were several in this eclectic group who were thinking about career changes. They were looking for meaning in their work.

It was wonderful to step out of the hectic pace of my winter schedule into the depths of the canyon. I loved watching the bighorn sheep grazing on the canyon sides and the bats emerging in the evenings, darting across the sky to eat their fill of insects.

After making camp along the river I'd go on hikes. I found petroglyphs and pictographs, granaries and small pueblos. I don't suppose the people who made their home in the canyon thought much about a career change. The purpose in their work was to live. The meaning of their lives? Well, it may just have been the same as the bighorns and the bats...to live. I know for the three weeks in the canyon that was my purpose.

I wonder if we worry so much about finding meaning in our work because we are working harder and longer in order to support our lives. As we work more we live less. Because we have less time for life we look to our work for meaning.

We treat life as though it is something that is going to happen later. A lesson I brought home with me from the Colorado is that it is important to prepare for the future, but we must not do so by sacrificing today.

Browsing For Profit

Last week I spent a day teaching economics to participants in the "Tennessee Browsing Academy" in Chattanooga. The program objective was to help goat producers create profitable vegetation management enterprises. Most of us are aware that goats can be used to effectively control brush. Various agencies and individuals contract with goat producers to clear power line rights of way, create fire breaks and do other brush control work. There seems to be a growing demand for these services. In fact, the City of Chattanooga co-sponsored the program to increase the number of competent graziers, or rather browsers, with whom they can contract to control brush and other undesirable vegetation.

I had a bit of time after the program and did a little exploring in Smoky Mountain National Park. Intermixed with the beautiful hardwood forests were hundreds of acres of fescue pastures that had been recently mowed. It seemed an awful waste of money and resources to use a tractor to do a

job a ruminant is perfectly capable of doing. It's interesting that while some agencies will use goats to control brush, most aren't as keen to consider other livestock species to control other forms of vegetation.

It may be a few years away, but I can see a day when landscape management is a significant enterprise for graziers. It is being done by a few RFP alumni with sheep and goats now and some alumni are getting reduced pasture lease rates for cattle because of the environmental improvements they are making through their grazing. In *No Risk Ranching*, Greg Judy describes how he gets leases for free for improving properties. Getting paid to graze is just a continuation of this same trend. It is just a matter of time and marketing before skilled cattle graziers get paid to improve landscapes. With the shift in the demographics of ranch ownership to non-ranchers I think this trend will accelerate.

Let's make it clear that we aren't talking about just turning cows out or rotating them around. It is one thing to "rotate" animals from paddock to paddock. It takes a deeper level of skill to predictably improve a particular landscape through grazing. This is an opportunity that will be available only to those graziers who have demonstrated (and documented) their ability to improve the water and mineral cycles and increase energy flow, restore desirable native perennials, improve wildlife habitat, decrease undesirable weeds and reduce erosion. If you don't already have photo points established to document your ability, you'd better start to create your portfolio. (Guidelines for establishing photo points can be found in your Ranching For Profit School workbook.) If you are still set stocking pastures or rotating animals using only 8 to 10 paddocks, now may be a good time to improve your skills as a grazer.

Using What They Taught You In School

My daughter Allie is 17. As A Junior in High School she's pretty certain that most of what she's learning in school now won't be of any use later in life for what she intends to do. Whether she's right or not is another story, but I remember feeling much the same way...and some of it wasn't much use, but some of it has been. For example, I hated algebra. But learning to solve for "X" turned out to be a pretty big deal.

I was trying to come up with a simple method for participants in the Browsing Academy to determine what they needed to charge for browsing contracts when it dawned on me all I had to do was solve for "X." In this case, "X" is how much we bid for a vegetation management project. Just as easily it could be what you are willing to pay for a grazing lease.

To solve for an unknown "X" you start with what you do know. You need to start with a profit target and work backwards to figure out what you need to do to achieve it. Here are the steps:

1. Determine the profit target for the business.
2. Determine basic business overheads and add them to the profit target.
3. Decide what proportion of this target you want this part of the business to cover.
4. Determine the enterprise gross margin, excluding the income from vegetation management. (If these animals are not breeding animals the margin is likely to be negative.)
5. Determine the enterprise overheads.
6. Subtract the enterprise overheads from the enterprise gross margin.
7. Subtract the business overheads and the profit target total from the difference between the enterprise gross margin and enterprise overheads (calculated in step 6). This is the total income the enterprise needs to generate.
8. Prorate the income required from the project based on the proportion of billable days on any particular project.

You'll find more detail on how to work through this process in an article in the Newsletter section of the web page. In it I work through each of these steps to make a bid on a hypothetical project.

All of this may be a little premature. I know of people getting free land in exchange for improvements made through grazing while their neighbors are paying hefty rents. I think skilled graziers willing to document and market their skills will find opportunities in the near future to get paid to graze. Will you be ready?

The Land Of OZ

I've accepted an invitation to teach a couple of Ranching For Profit Schools and attend an Executive Link program in Australia this summer. At the EL they've asked me to talk about ranching in North America as part of their continuing education program. I agreed without thinking about what I'd say. Now that I'm thinking about it, I'm not sure I'm a very good spokes-person to address the topic. My view is skewed. I have had the good fortune to surround myself with people self-selected to be a cut above the average rancher. People who invest in self improvement are bound to be more successful. The average ROA in ranching is -1.5% (if you don't count land appreciation). The average in the Executive Link program is +4.2 (again, not counting appreciation). I'm not sure I understand mainstream ranching anymore.

I first attended the Ranching For Profit School in 1988 and started teaching them in 1991. I've been doing it so long now that when I start describing the three secrets for increasing profit I often think, "Haven't y'all heard this before?" But of course most haven't. I have to remind myself that for every rancher who has been through the Ranching For Profit School there are 20 who haven't.

I will tell the Aussies that the differences between the average Australian rancher and the average North American rancher are extreme, but the differences between the alumni ranchers, especially EL members, on our continents is not worth mentioning.

Just as body temperature, blood pressure, respiration and other vital signs for a person's health don't change much from one population to another; neither do the vital signs for a healthy business. The difference of course is that human vital signs are based on population averages. The average ranch loses money, so industry averages for a ranch business's vital signs are of little value. In business it doesn't make sense to strive to be average. Every year when we compare vital signs, or what we call "Key Performance Indicators," of healthy ranch businesses in Australia to healthy ranch businesses here, the numbers are virtually identical. The benchmarks for profitability, overhead costs, labor efficiency, gross margin and turnover calculated from Australian EL member data and North American EL data are the same. A healthy business is a healthy business, regardless of where it is.

To view or download a copy of last year's benchmarks for all 26 Key Performance Indicators visit the Newsletter section of the web page.

TEXAS

We want to do a school and build an EL chapter in Texas. We can't do it without alumni support. Over the years word-of-mouth has been our most effective promotion. A close second has been recommendations from alumni to organizations in which they are involved to host a half-day Ranching For Profit Workshop. Tentative dates for the school are January 27 to February 2 or February 3 -9. The best time for workshops will be October through early December. Please help us spread the word. We want to come back to Texas.

UPCOMING RANCHING FOR PROFIT EVENTS	
Ranching For Profit Schools <i>It is only \$300 US (\$400 CAN) to repeat the school. (The repeat fee now includes the meal package).</i>	
Redmond, Oregon ? Dec. 2-8, 2007	Edmonton, Alberta ? Jan. 13-19, 2008
Regina, Saskatchewan ? Dec. 9-15, 2007	Billings Montana ? Jan. 20-26, 2008
Colorado Springs, Colorado ? Jan. 6-12, 2008	
Executive Link Meetings	
Far West Chapter ? July 12-14, Boise, ID	
Colorado & Mississippi East Chapters ? July 16-18, Colorado Springs, CO	
High Plains Chapter ? July 23-25, Billings, MT	
Canada West Chapter ? August 9-11, Edmonton, AB	

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