



By Dave Pratt

Ranching For Profit
 Healthy Land, Happy Families & Profitable Businesses

Is Your Ranch A Business?

Jim Collins' Good To Great principles can be applied to any business. The biggest challenge in applying them to a ranch business is to create a business to apply them to. Most ranches are not really businesses. They are collections of assets and jobs. Consider these questions:

- ✓ If you sold your ranch would you be selling assets *and* a system for using those assets to create cash flow and profit, or just a collection of assets? A real business would be selling the system as well as the assets.
- ✓ Could you leave the ranch for a year or more and come back to find it working at least as well as when you left? This is Robert Kiyosaki's test to see if someone is self employed, where they own their job, or if they own a business.
- ✓ If we came up with an idea that increased your profit would you react, "*When will I find the time to do that?*" or "*How can we make that happen?*" If your reaction was the former, you definitely own your job and the last thing you need is another one.
- ✓ Does your ranch have a purpose beyond self-gratification? In a continuing education session for an Executive Link meeting a few years ago Gregg Simonds said, "*You can only serve yourself through service to others.*" That is certainly true in business. The first purpose of business is to serve a customer. What is the primary purpose of your ranch?
- ✓ Have you ever said, "*I really ought to manage the ranch as though it were a business?*"

This last statement really pushes my buttons. Can you imagine someone at IBM saying, "*We really ought to manage IBM as though it were a business?*"

Of course, IBM is a business. It is a great BIG business. But your ranch has to face every issue that IBM faces. They have to produce a product. So do you. They have to sell that product to a customer and so do you. They have to manage the money created from those sales. You do to. They have an HR department to deal with personnel issues. Not only do we have personnel issues, but since most of those issues involve family they are even more difficult and more important to get right. At IBM they make no pretenses. IBM is a business. We have a choice. We can either pretend our ranch is a business, or actually make it a business. It isn't sustainable to pretend.