

The Ranch Management Trinity

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<http://hpranchpracticum.com>

What are the three most important steps ranch managers should take? This is a question that, if you ask 12 different people, you'll likely get 12 different responses.

Here are my suggestions.

1. Have a business plan for your ranch
2. Conduct a profitability analysis and identify management focus areas
3. Have a grazing plan that balances forage demand and pasture health

Each of these three items involves several aspects of a ranch and the people who live and work on it. Let's discuss each in a bit more detail.

Have a business plan for your ranch

Dave Pratt of Ranch Management Consultants asks the question, "Is your ranch a business or just a collection of jobs?" If your ranch is a business, then it must have a plan. If it's just a collection of jobs, and you're OK with that, then quit reading this and get back to work! A business plan in its simplest form will answer these few questions:

What is the purpose of the ranch?

What do we want the ranch to look like and be like in 5, 10, and 20 years?

What do I want to contribute and receive from the ranch? (Personal for each ranch team member)

What is the succession plan for the ranch?

The process of developing a business plan should be done every few years to keep the plan current and the plan revisited often. It should be done collectively with all members of the ranch team having meaningful input. A good tool to help is the "Balanced Scorecard for Ranch Planning and Management" available from the High Plains Ranch Practicum Web site listed below.

Conduct a Profitability Analysis and Identify Management Focus Areas

How is your ranch performing on the production and financial aspects? Are you a high-cost or a low-cost producer? In what areas are you high-cost and what areas are you low-cost? If you don't believe you have the information to accurately answer those questions, you're not alone. Most ranchers can't. You may think you have a feel for how you're doing, but, unless you measure it in a consistent way over time and compare your results to a good dataset, you don't know for sure. For a cow-calf ranch business, a unit cost of production analysis is one tool that can help separate the cow-calf segment from other enterprises on the ranch and helps answer the questions posed above. Once your high-cost areas

are known, you can begin to develop management plans to address some of these areas and work to reduce your cost of production and improve the profitability of your ranch.

Have a grazing plan that balances forage demand and pasture health

Ranchers are essentially grass farmers that market their grass through beef or other livestock. What are you doing to increase the productive capacity of your grass farm? Having a well-conceived grazing plan is an essential step to being able to manage your grass farm. A grazing plan is usually developed prior to the growing season and lays out what pastures will be grazed when. Plans change as the season progresses, but starting out with a plan is critical. Your grazing plan should consider pasture condition, previous season of use, intensity of use (residual forage), and vegetation composition goals for that pasture. This is another component best developed by more than one person and makes a great opportunity for input of the ranch management team.

Each of these three can be a bit overwhelming and daunting when working on them the first time, but, just like other things on the ranch, a little experience brings comfort. The High Plains Ranch Practicum School is an eight-day school that occurs primarily in southeast Wyoming over a seven-month period and helps ranchers work through each of these critical components of ranch management as well as many others. Registration is now occurring for the 2010-2011 school and closes April 15, 2010. Tools for each of these components are available on the Web site at <http://HPRanchPracticum.com> as well as more information about the school.