

Volume 18, Number 2
March/April 2013

**A voluntary
partnership
with private
landowners**



Grazing Lands Conservation Initiative

Think about “The Biggies”

*With market volatility becoming the new normal,
business management becomes even more critical.*

- By Kindra Gordon

If you manage an ag operation, where do you spend the majority of your management time and effort? Dallas Mount, a University of Wyoming livestock extension educator, proposes that many managers spend too much time worrying on the minor things and not enough time on what he calls “the biggies.”

As an example, he points to a ranch that puts up hay, has a cow herd and runs some calves to yearlings. Mount says, “I asked the head of the ranch to look at his or her calendar over the past year and examine where they spent their time focusing on issues of ‘management concern.’ Their top five items were: Personnel management (dealing with problems); Genetic selection for cow herd; Deciding on equipment purchases; Researching alfalfa stand renovation options; and Negotiating a pipeline right of way.”

He asks other producers to think about what their own list would look like? And asks, “Are these the right things?”

To plan for the future, he also proposes that farm/ranch managers make a list of what the five greatest management challenges are for the ranch looking forward. Mount says, “The answers will be different for each ranch or farm. The key is you have to ask yourself if you are spending enough time and energy on areas with the greatest benefit to the business.”

To illustrate this he says, “Does it matter what breed of bull you buy if the cow herd is losing \$150/cow because your winter feed costs are way out of control? Does it matter what type of hay rake you purchase if your hay business has a negative return of -\$50/ton of hay harvested?”

Mount continues, “We are all guilty of it. We enjoy certain aspects of farming and ranching and either have difficulty with, or don’t like, other important aspects. However, these other aspects can be some of ‘the biggies.’”

Mount suggests having a meeting with your ag business team and discussing what actions you can take to see that these issues receive the management time they deserve. He says, “Perhaps there is someone else on your team who has been waiting for the opportunity to take on one of these ‘biggies’ that you have been avoiding.”

(continued on page 2)

IN THIS ISSUE:

The Big Picture

Useful tips for looking at your whole business and planning where to spend your time and resources for the future.

5NCGL Reflections

6 Takeaway messages for grazing managers.

Nebraska Spotlight

“Road Show” format takes grazing workshop across the state.

Beginning Farmers & Microloans

Looking to farmers’ and ranchers’ future.

Texas Ranch Honored

77 Ranch recognized for stewardship efforts.

Think about “The Biggies” *(continued from page 1)*

Areas To Focus On

As volatility becomes the new normal in the ag industry, management becomes even more crucial to harness profitability. Ag economists suggests several areas farmers and ranchers should spend more time addressing in their quest for business success.

1. Improve risk management. We’re going to hear more and more about risk-management and risk management tools, from lenders, business advisors and even politicians as the Farm Bill debate heats up and the economy flounders. Advisors emphasize that when it comes to risk management, the goal is all about protecting margins and cash-flow, not about maximizing prices.

2. Examine technology adoption. New technology can be an asset that helps simplify procedures and processes. For example, computer programs that track feed and feed delivery, animal identification that meshes with health and reproductive programs and herd management software, or other management tools that cut down on repetitive or inefficient actions.

3. Plan for business growth. For business growth, focus on a team approach that depends on leadership and delegation and requires open access to information so that the right messages and incentives are delivered to the entire team, he suggests.

4. Improve operational efficiencies. For a farm to be successful over a long period of time, it must respond rapidly to competitive and market changes, benchmark to achieve best practices, and establish a few core areas of strength. To do that, you must work to improve your operational efficiencies, like the use of standard operating procedures that help you focus on product quality and consistency.

Flexibility by managers is also key for the future. That is, they focus on their core operations and search for ways to improve on existing competencies, yet remain flexible in options and management.

In addition, it is critical to understand that the business climate for agriculture is increasingly shaped by forces outside the industry. Think globally, most economists recommend.

6 Reflections from Fifth National Conference on Grazing Lands

It’s been several months since 400 grazing enthusiasts from across the U.S. gathered in Orlando, FL, Dec. 9-12 for the Fifth National Conference on Grazing Lands (SNCGL). But for those who attended, I hope the lessons they gleaned are still front and center – especially as we get ready for another growing – and grazing – season.

The lessons that are still on my mind from the conference include:

1) Focus on soil health. Typically you hear about soil health at an agronomy conference, but grazing managers also know it is the foundation for good range and pasture. “Soil health is priceless,” said rancher Ken Miller of Fort Rice, ND.

Rice does a variation of mob grazing and bale grazing and is focused on getting vegetative litter on the ground. He notes that litter helps capture moisture – and keeps the soil cooler so that plants are more productive. He says, “You want to leave residue after grazing. When I look down I don’t want to see any soil.”

2) Cover crops are king – for pasture too. Sure cover crops are catching on in crop aftermath, but seeding it into pastures to rejuvenate them can work as well. The afore mentioned Ken Miller in North Dakota has had great success in grazing a cool-season pasture of mostly smooth brome in the spring, burning it down chemically and then seeding a “cocktail mix” of warm season plants into it for winter grazing. The mix of deep-rooted plants and legumes (sunflowers, radishes, turnips, etc.) is helping build that soil health; cattle love to graze it, and Miller has provided habitat for wildlife as well.

Jerry Doan, a rancher from McKenzie, ND, emphasized that with cover crops he has been able to successfully winter graze until January – and even March in a light snowfall year. This has saved his ranch as much as \$50,000 in feed costs, and he says, “That’s a family income; that’s helping my two sons come back to the ranch.”

3) May/June calving is key. I heard more than one producer from Montana and the Dakotas mention that their switch from February/March calving to May/June was the “smartest thing they ever did.” Many of them admitted it took a few years to finally make the move, but once they did they’ve never looked back. North Dakota’s Doan said, “The number one thing we’ve done for profitability was get away from spring calving.”

4) Nature tourism has arrived. Bruce Hoffman, a rancher and investment broker from Texas, shared an interesting statistic: Texas Parks & Wildlife has not seen an increase in the sale of hunting licenses over the last 15 years – at a time when the population is still growing. So, while hunting is hitting a plateau; meanwhile, people still want to get out into nature – and are willing to pay for it. Meaning the opportunity for nature tourism, like bird and wildlife watching and nature photography are booming.

Hoffman talked about adding nature tourism as a viable entity to just about any ranch – that is tolerant of visitors, of course. He noted that in Texas, some ranchers are fetching as much as \$250/day/person to allow them to get onto private lands and take wildlife and wildflower photos.

5) Dealing with drought. We’ve all heard before that it’s important to have a drought plan in place and be ready to act when the rain doesn’t come. One comment that University of Kentucky forage specialist and professor Garry Lacefield suggested was to have a “sacrifice” pasture. Rather than overgraze several – or all – of your pastures during drought. Select one pasture that you are willing to put your cattle on and give them supplemental feed. Of course, destocking should still be considered – as should the cost of the supplemental feed, but Lacefield pointed out that this way your other pastures will be able to rebound faster when the rain does come.

6) Think “out-of-the-box.” A common phrase said by many of the speakers was “my neighbors think I’m nuts.” But these innovative thinkers never seemed deterred; they relish their role as problem-solvers, and their families and their farm/ranch operations are better for it.

“The number one thing we’ve done for profitability was get away from spring calving.”

By Kindra Gordon

GLCI Spotlight: Nebraska Hosts “Traveling Road Show”

The Nebraska Grazing Lands Coalition (NGLC) and UNL Extension hosted their annual Traveling Road Show across the state during the last week of November 2012. This is a four day, eight stop educational function that exposes Nebraska’s ranching community to a nationally renowned grazing speaker in their own backyard.

Approximately 400 ranchers, students, extension educators, NRCS field staff and other grazing enthusiasts were reached through this road show educational format.

The speaker was former UNL Range Management Specialist, Pat Reece, owner of and senior consultant at Prairie & Montane Enterprises, specializing in rangeland assessment and management in NE, WY, CO, and SD. Previously, Pat’s many years with the University of Nebraska were focused on conducting research and developing innovative educational material and programs designed to optimize grazing management.

During the road show presentations, Pat briefly outlined four simple guidelines for sustaining profitable range livestock-production enterprises. Each guideline included a short presentation followed by open discussion to provide the best possible opportunity for participant interaction.

Pat’s message focused on:

- 1) Striving for resilient plant communities. The participants learned how to make year-to-year changes in pasture-use sequences to give the most-in-need pastures the best opportunity to recover in the subsequent year. Pat also provided a simple guideline for determining the number of pastures needed to optimize plant resilience.
- 2) Realizing that management decisions directly affecting long-term carrying capacity of rangeland and livestock performance. He shared the true meaning of moderate stocking rate and indicators to look for to sustain high levels of range condition and animal performance.
- 3) Preparing a drought plan based on reliable indicators of forage deficits and estimated livestock use of forage. Pat shared that timely management actions would greatly reduce loss of equity and the risk of long-term reductions in herbage production potential.
- 4) Changing management to accomplish different sets of objectives as people and resources in ranching enterprises change over time. Participants learned how to use simple indicators and a limited number of records to optimize these adaptive changes in management.

The NGLC-UNL Traveling Road Show included eight locations in four days. Local ranchers were invited to share their evolution of grazing management practices over time at each location as well. Nebraska communities visited were: Tecumseh, Deshler, Bloomfield, Burwell, Curtis, Whitman, Chadron, and Kimball.

For more information on planning a “road show” for your state, contact Ron Bolze, Nebraska Grazing Lands Coalition coordinator at 402-321-0067 or ron@nebraskagrazinglands.org.



BEGINNING FARMERS AT A GLANCE

Beginning farms or ranches account for about 22% of the nation’s 2 million family farms, 11% of family farm acres and 10% of the value of production from family farms according to a new report from the USDA’s Economic Research Service.

The report, titled “Beginning farmers and ranchers at a glance,” notes that the number of beginning farmers – those with 10 years or fewer experience farming – has declined for the past 20 years. In 1982, 38% of family farms fit the beginning farmer category. By 2007, that percentage had declined to 26%.

As we might expect, beginning farmers tend to be younger than established farmers, but the age range continues to creep upward. In 1982, 16% of all principal operators were under 35 years old. By 2007, only 5% were under 35 years old. The average age of principal operators of beginning farms in 2011 was 49, compared with 60 for established farms.

For beginning and established farms, the most common specialty is beef cattle, but fewer beginning farmers than established farmers specialize in raising cattle.

The report’s authors define farms as producing and selling \$1,000 or more of agricultural products in a year, but it is clear many of the beginning farms are “hobby farms” that generate income only in some years. In 2011, 30% of beginning farms and 25% of established farms did not produce any marketable agricultural commodities, according to the report.

The average beginning farm was 200 acres in 2011, compared with 434 acres for established farms.

The price of land is one of the biggest barriers for beginning farmers. The report notes the per-acre value of farm real estate in 2012 averaged \$2,650, up 10.9% from 2011, although there was considerable variation between regions.

Microloan Program Offered

In January, USDA announced a microloan program that aims to boost financial progress of small-scale, beginning and socially disadvantaged farmers during their start-up years. By underwriting operating loans of up to \$35,000 via a streamlined process and at low operating loan interest rates, USDA’s Farm Service Agency is targeting smaller family farms and beginning farmers. Currently, that interest rate is 1.24%

Up to a maximum of \$35,000 may be used to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation, purchase of livestock, and annual expenses such as seed, fertilizer, utilities, land rents, marketing, and distribution expenses.

Microloan applicants will need to have some farm experience. Microloans must be secured by a first lien on a farm property or ag products having a security value of at least 100% of the microloan amount, and up to 150% when available.

Loan repayment terms may vary and not exceed seven years. Annual operating loans are repaid within 12 months or when the agricultural commodities produced are sold.

The program provides a bridge for past FSA Rural Youth Loan recipients to successfully transition to larger-scale operations. As their financing needs increase, producers can apply for USDA operating loans of up to \$300,000 or get loans from commercial lenders under the agency’s Guaranteed Loan Program

For more info, contact your local FSA office.

TEXAS RANCH EARNS NCBA ENVIRONMENTAL STEWARDSHIP AWARD



Gary and Sue Price, 77 Ranch, Blooming Grove, Texas, were recognized Feb. 7 as the national winner of the National Cattlemen's Beef Association's (NCBA) Environmental Stewardship Award Program. The award, presented during the 2013 Cattle Industry Convention and National Cattlemen's Beef Association (NCBA) Trade Show, recognizes the family's outstanding environmental stewardship of their ranch.

The land under their stewardship is under tremendous pressure from urban and suburban development because it is just 53 miles from the ever-growing Dallas/Fort Worth metropolitan area. Thanks to their efforts, a jewel of prairie still exists, complete with native grasses and habitat.

The Prices began assembling their ranch as a young couple 36 years ago. Over the years, they have carefully purchased land that joins their original ranch, or that is nearby. The land under their management ranges from farmed-out cotton fields to untouched remnants of the Blackland Prairie. As a result of their extensive improvements and efforts to preserve wildlife habitat, Gary and Sue Price have been honored by the Texas Parks and Wildlife Department with the statewide Lone Star Land Steward award. They welcome students of all ages – youth to adult – to their ranch for tours, field days and outings.

Gary is a sought-after speaker on the topic of range management and cattle production in a native range environment. They tell about their partnerships with Ducks Unlimited and U.S. Department of Agriculture's Natural Resources Conservation Service (USDA-NRCS), and how these partnerships help them find creative solutions to land management problems such as flood control and maintaining water quality while providing wildlife habitat.

ESAP, now in its 22nd year, was created to recognize beef producers who make environmental stewardship a priority on their farms and ranches while they also improve production and profitability. The ESAP award is sponsored by Dow AgroSciences; USDA-NRCS; U.S. Fish and Wildlife Service; NCBA; and the National Cattlemen's Foundation.



To have your GLCI activities or upcoming events highlighted in this newsletter, contact Kindra Gordon at phone 605-722-7699 or kindras@gordonresources.com.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Visit the GLCI homepage at <http://www.glci.org>

- Contact these affiliated organizations:
- American Farm Bureau Federation (202) 484-3608
 - American Forage and Grassland Council (800) 944-2342
 - American Sheep Industry (303) 771-3500
 - Dairy Industry (517) 323-6575
 - National Association of Conservation Districts (202) 547-6233
 - National Cattlemen's Beef Association (202) 347-0228
 - National Farmers Union (202) 554-1600
 - Society for Range Management (303) 986-3309
 - Soil and Water Conservation Society (515) 289-2331