Developing a Meaningful Ranch Plan

Stan Bevers, AFM
Professor & Extension Economist
Vernon, Texas
Admire the past, but attack the future...
Why have a ranch plan?

- Provide a picture of the past
  - Past levels of production
  - Past natural resource condition
  - Past financial performance

- Direction for the future
  - What is the operation “trying” to get accomplished?
  - Where is the operation going?
  - Is it getting there?
Picture of the past

- SPA provides a good analysis for the production and financial, adequate for natural resources.
- Review of goals set for the previous year.
  - Were they met, do they remain, or should they be re-evaluated.
2004 Ranch Plan Outline

I. Overall Observations
   I. Production: “Grass is tall, Cattle are fat, etc…..”
   II. Financial: “Prices high, should be doing well”

II. 2004 Production Situation
   I. Female Productivity
      I. Pregnancy Rate (probably from fall of 2003)
      II. Calving Percentage
      III. Weaning Percentage
      IV. Pounds per Female
2004 Ranch Plan Outline

II. 2004 Production Situation (continued)
   II. Stocking Rate Situation
      I. Forage Situation
      II. Feed Amounts

III. 2004 Financial Situation
   I. Net Income
      I. Per Operation
      II. Per Female
      III. Per Acre
   II. Total Costs per Breeding Female
2004 Ranch Plan Outline

III. 2004 Financial Situation (continue)

   III. 1 to 5 Largest Expenses
       I. Is it accurate?
       II. Can I explain it?
       III. Is it manageable in the short term or long term?
           I. Feed Costs versus Depreciation

IV. Average Price Received versus Breakeven
    Price for weaned calves
2004 Ranch Plan Outline

IV. 2004 Goal Analysis
   I. Production Goals
      I. Goal - Weaned Calf of 82 percent
         I. Exceeded
         II. Met – 83.3
         III. Remains/Not Met
      II. Goal – 425 pounds of Weaned calf per female
         I. Exceeded
         II. Met – 435
         III. Remains/Not Met
## 2004 Ranch Plan Outline

### IV. 2004 Goal Analysis (continued)

#### II. Financial Goals

<table>
<thead>
<tr>
<th></th>
<th>2002 Expense</th>
<th>Goal for 2003</th>
<th>Actual 2003 Expense</th>
<th>Goal Exceeded, Met or Remains</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost per Breeding Cow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hired Labor</td>
<td>$112.46</td>
<td>$106.00</td>
<td>$134.36</td>
<td>Remains</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$105.84</td>
<td>$85.00</td>
<td>$107.86</td>
<td>Remains</td>
</tr>
<tr>
<td>Purchased Feed</td>
<td>$52.09</td>
<td>$55.00</td>
<td>$41.31</td>
<td>Exceeded</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$36.62</td>
<td>$38.00</td>
<td>$44.68</td>
<td>Remains</td>
</tr>
<tr>
<td>Utilities</td>
<td>$23.40</td>
<td>$25.00</td>
<td>$20.91</td>
<td>Exceeded</td>
</tr>
<tr>
<td>Other Costs</td>
<td>$70.72</td>
<td>$75.00</td>
<td>$143.28</td>
<td>Remains</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$401.13</td>
<td>$394.00</td>
<td>$492.40</td>
<td>Remains</td>
</tr>
<tr>
<td><strong>Minus Depreciation</strong></td>
<td>-$105.84</td>
<td>-$85.00</td>
<td>-$107.86</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash Costs</strong></td>
<td>$295.29</td>
<td>$299.00</td>
<td>$384.54</td>
<td>Remains</td>
</tr>
</tbody>
</table>
2004 Ranch Plan Outline

V. 2005 Goals and Direction
   I. Production Goals
      I. Weaned Calf - 82.5 percent
      II. Average Weaning Weight of all Calves – 480 pounds
      III. Pounds Weaned per Breeding Female – 396 pounds
      IV. Average Price Received - $120.00/cwt.
## 2005 Goals and Direction (continued)

### II. Financial Goals

<table>
<thead>
<tr>
<th>Cost per Cow</th>
<th>2004 Expense</th>
<th>2005 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hired Labor</td>
<td>$134.36</td>
<td>$123.00</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$107.86</td>
<td>$85.00</td>
</tr>
<tr>
<td>Purchased Feed</td>
<td>$43.31</td>
<td>$55.00</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$44.68</td>
<td>$35.00</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$27.40</td>
<td>$25.00</td>
</tr>
<tr>
<td>Other Costs</td>
<td>$134.79</td>
<td>$90.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$492.40</strong></td>
<td><strong>$413.00</strong></td>
</tr>
<tr>
<td>Minus Depreciation</td>
<td>$107.86</td>
<td>$85.00</td>
</tr>
<tr>
<td><strong>Total Cash Costs</strong></td>
<td><strong>$384.54</strong></td>
<td><strong>$328.00</strong></td>
</tr>
</tbody>
</table>
V. 2005 Goals and Direction

III. Other Changes and Issues
   I. Larger Investment in the Quality of Breeding Bulls.
   II. Improved water distribution of the ranch.
   III. Improved communication
   IV. Health Program
Developing a Meaningful Ranch Plan

- Formal manuscript where entire team agrees to the past performance and future direction of the operation.

- Who develops (and writes) the document?
  - Owner
  - Manager
  - Independent Outside Person
Developing a Meaningful Ranch Plan

- Puts everyone on the same page
- Improves communications
- Identifies areas of change and how they will be attacked
- Goal oriented
Developing a Meaningful Ranch Plan

Thanks/Questions

Stan Bevers
Professor & Extension Economist
Vernon, Texas
940 552-9941 ext. 231
s-bevers@tamu.edu