Managing risk on Small to Medium size operations

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Managing risk on Small to Medium size operations.

What are some of our risks?
- Weather
- Other acts of nature
- Domestic markets
- Export markets
- Succession of ownership/management
- Pressure of society
- Profit risk

Nature
- Snow
- Drought
- Fire

Drought
- Planning
  - Make up of enterprises
  - Critical dates
- Good management now
  - Grass management- proper rest
  - Water supply

Good grazing practices now will help in drought recovery later.

Water planning???
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Relationships and Reputation in the Big Picture Market

Domestic

Top Concerns about Beef Production

Inhumane treatment, hormone use and disease are most concerning to Millennials.

I am concerned about what type of food is grown/raised/to be eaten, and if they are treated in ways that they may not want to be treated in (e.g., animals), and if they have been given growth hormones.

Inhumane, crowded conditions: 15
Hormone use: 14
Mad cow/diseased/sick cattle: 12

Food borne illnesses: 9
Animal abuse: 8
What cattle are fed/unnatural diet: 7
Genetically modified organisms: 7
Antibiotic use: 6

Confirmed in Qual Phase

Favorability – Product versus Production Practices

October 2014 Consumer Image Index. March 2015 Consumer Beef Index

Alliances offer some risk protection.

Industry Branded Programs

Export

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Traceability

Business Risk
Are we profitable and from a financial point of view, can we stay in business?

Marketing plan
- Written and discussed
- Options may arise
  - Ex. Timing
  - Ex. Cull Cows

500 cow operation
- By revenue you are in the top 30% of US businesses - Rick LaPlante
- Are you operating as such?

Information is Key
- You must understand your business
- Cost of production
  - Fixed vs. variable costs
- Implications of decisions you make
  - Short term
  - Long term
- Profitable?? Trends?

Do you need to own cattle?

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The Grand Challenge of 2050

Succession Risk
- Short Term--Management
- Long term--Ownership

Written Plans
- Goals and objectives
- Division of responsibility
- Standard Operating Procedures
- Financial Trends

Advisory Boards
- People with different talents
- People that effect your business
- Off Farm family

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Super Heroes

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