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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???



Makeup of Enterprises

- Can you be flexible?
- Example; yearlings and cow/calf

Critical Date

- Ex. May 15
- Feeder cattle on grass (May)
- Number of replacement heifers (May)
- Dry and cull cows (June)
- Early weaned calves (August-September)
- Bred cows (September-October)

Market Protection (Size Matters)

- Relationships
- Reputation
- Alliances
- Forward Contracting
- Futures markets

Relationships

- Banker
- Seed Stock Supplier
- Buyers
- Neighbors



Reputation

- Yours-do you exceed expectations
- Your Cattle
 - Genetic potential
 - Past performance records

Relationships and Reputation in the Big Picture Market

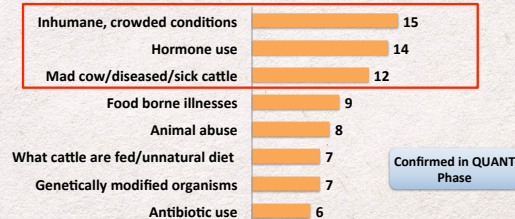
Domestic

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 given to the animals, if they are locked in cages, and if they have been given growth hormones.

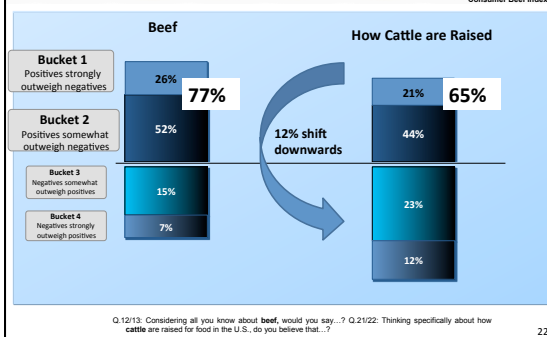
I just want to make sure the cattle are brought up with respect, they aren't mistreated, and their death is quick as possible.



QUAL - 7.2 Looking at the same list, please select the top 3 items that are MOST concerning to you, in order of most to least concerning.

Favorability – Product versus Production Practices

October, 2014 Consumer Image Index, March 2015 Consumer Beef Index



Alliances offer some risk protection.

Industry Branded Programs



Relationships and Reputation in the Big Picture Market

Export

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

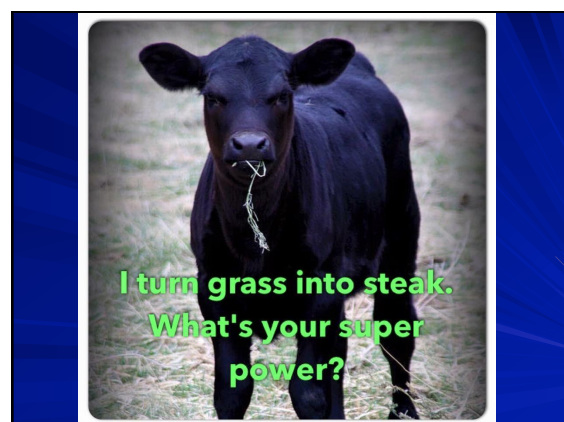
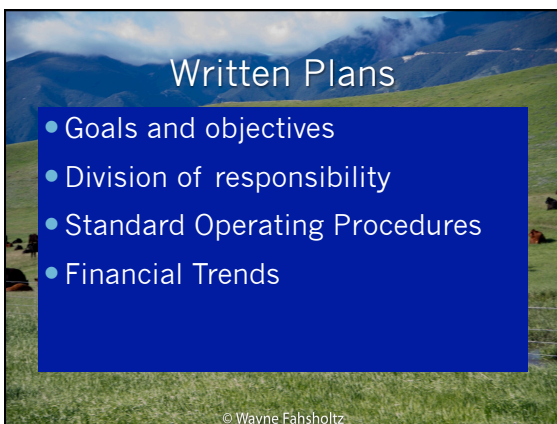
- By revenue you are in the top 30% of US businesses- Rick LaPlante
- Are you operating as such?

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?





Super Heroes

