

Strategic Ranch Management and Planning

Strategic ranch management: Seeking equity growth and a successful future by managing all resources to sustain their productivity while meeting ownership objectives.

This is complemented by financial, marketing, production and resource use planning.

Six strategic questions:

1. What is the specific business **Mission** or purpose of the business? It tells who the business is and what it does.
2. What are the specific business **objectives**? Describe what is desired to achieve overtime.
3. Where is the business now? Creating a future begins by knowing where the business is.
4. If no changes are made, where will the business be one year, five years, or ten years from now?
5. If the answers to the questions above are not acceptable, what changes can be made, and what are the expected consequences of these changes?
6. A **goal** is a specific statement that describes what is to be done to achieve the objective.

Steps in developing the strategic ranch plan:

1. Determine where the business is.
2. Determine where it wants to be (mission, objectives and goals).
3. Development of the ranch plan with a time line for achievements.
4. Implementation of plans.
5. Monitor, evaluate, communicate, reward and control.

The decision not to have a business plan is a plan!

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Guide to define Objectives and Goals

Objectives are general statements describing the desired achievement over time. Clear objectives have the following characteristics:

Directional	Moves you in the general direction of finding ways to complete mission
Reasonable	Intended accomplishments are practical and attainable
Inspiring	Outcomes are positive and challenging
Visible	Accomplishments are easy to imagine
Eventual	Long-term outlook (ten or more years) in fulfilling mission

Goals are specific statements describing what must be done to achieve objectives.

SMART Goals Define goal attributes as follows:

Specific	States only one intention
Measurable	An observation can be made to indicate fulfillment
Attainable	Realistic, yet challenging
Rewarding	Accomplishment must be valued to maintain persistence
Traceable	Traceable over a specific time period, strategic monitoring

Determining where the business is:

- Resources-production, human, technology, and constraints.
- Size of operation and control of indirect or overhead costs.
- Reproduction performance - weaning percent based on exposed females.
- Financial-accrual adjusted financial statements information on historical position, performance, and projected return on assets (ROA).
- Organization-owners, family members and decision makers.
- Markets for products and services produced.
- Management Information System (MIS) capabilities - what gets measured, gets managed.
 - o Operational plan supported by timely decision information.
 - o Accounting system to meet multi functions – IRS taxes, decision making and planning.
 - o Monitor, evaluate alternatives and measure production and financial performance.

Understanding Constraints:

Business Mission
Owner's Objectives

Financial External
Constraints

What can the
business achieve
given the
constraints?

Controls

Resource Constraints

- Land use and grazing capacity
- Size of operation
- Location – environment
- Human – management and labor
- Information MIS support
- Cattle health issues
- Participation in value added efforts

Production Technologies

Markets for Production

- Describe products and services produced.
- Changes to address market changing requirements.
- Historical prices received for all sales.
- Historical total unit cost if calculated. If not do so.
- Net profit margins by production activity.

Business Return on Assets (ROA) at market value.
Appreciation of land value and property tax costs.

Pita's thoughts on planning. *

- Never forget that the best endings are the ones you are prepared for.
- There are dreamers and there are planners – the planners make their dreams come true.
- A good ranch budget, even in a loss situation, is telling your money where to go instead of wondering where it went.
- Iron disease and business losses do not mix. In times or cost-price squeeze delay replacing necessary depreciable assets.

*Alexander, Pita. "Farming Thoughts and Comments". Alexanders Accounting & Advice for Agribusiness, Christchurch, New Zealand, June 30, 2016.

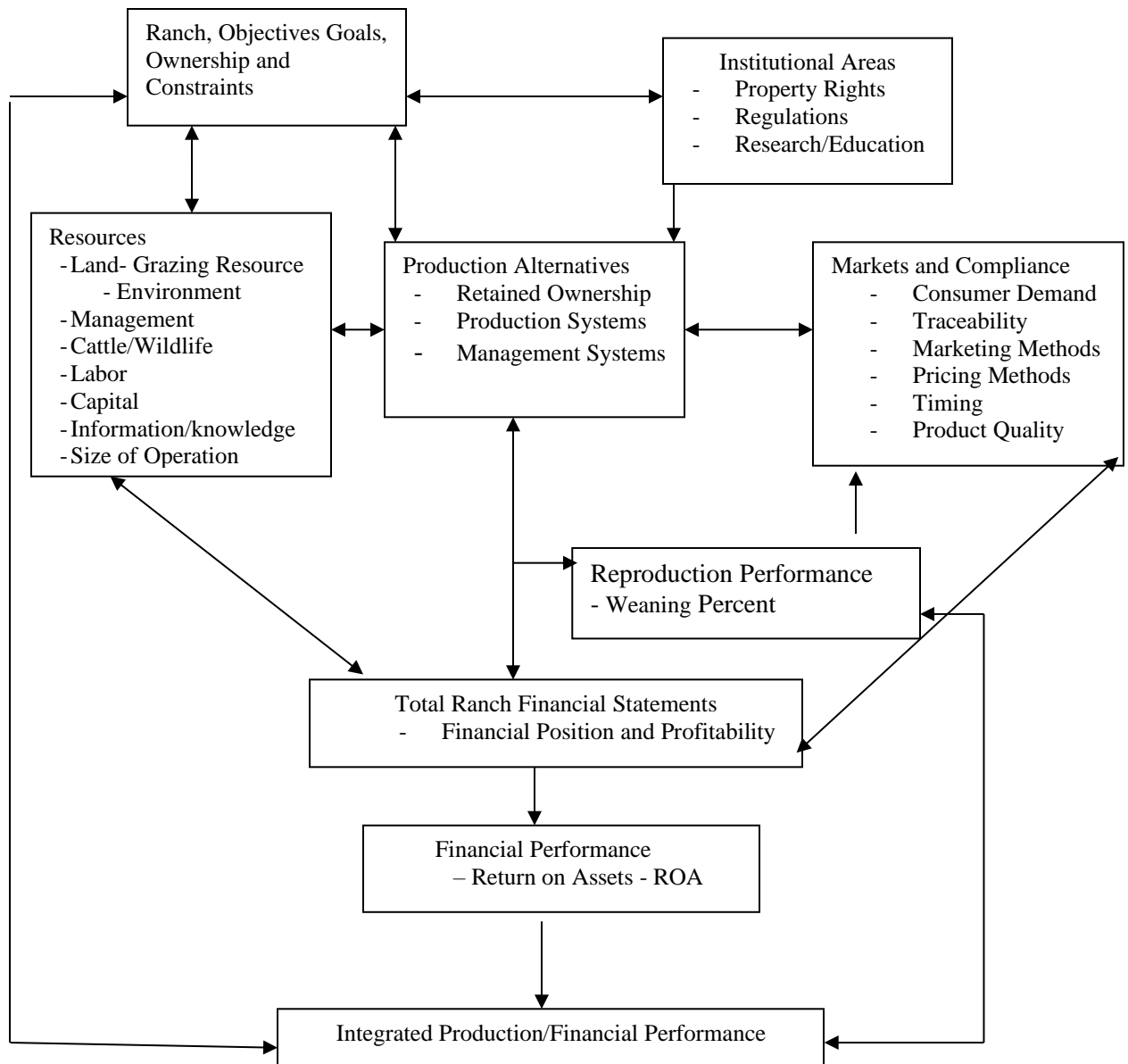


Figure 1. Components of an Integrated Ranch Analysis