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A voluntary partnership with private landowners

GLCI News

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New Economy Requires New Thinking

Out-of-the-box ideas needed now more than ever, says industry analyst.

By Kindra Gordon

Higher costs, volatile markets and global influences have become the new normal in today's economy – and to survive and thrive livestock producers will need to find ways to adapt.

That's the message CattleFax economist Brett Stuart hopes producers consider as they plan their future in the industry. Stuart says, "The cattle business is no longer just about cattle. Higher costs of land, cattle and equipment necessitate thinking out-of-the-box."

Stuart advises that producers in all sectors must ask themselves how they can maximize their resources and take a "whole operation" view. This includes analyzing goals and marketing efforts, as well as getting comfortable running numbers, producing spreadsheets and projecting financials – in addition to talking to their banker. As a result of those actions he believes opportunities exist to turn assets such as land, cattle and individual skills into profit centers.

Get Started

To pinpoint unique opportunities that may lie ahead for an individual operation, Stuart suggests focusing on a series of questions, which can help guide the decision-making process in the future.

The initial, over-arching question should be: *What is your ultimate strategy/goal for your operation?*

Potential answers might include profitability/asset appreciation, growth, resource preservation, succession planning – or all of the above.

Once the overall direction for the operation has been determined, Stuart suggests analyzing each individual resource on the farm/ranch – forage, equipment land base, equity (access to capital), knowledge/skills, and business relationships. He says, "Peak efficiency and profitability requires maximization of resources."

To that end, Stuart shares these "maximization strategies" to consider in each of those categories:

Forages: Consider all options for utilizing forage – cows, stockers, wildlife, harvest, recreation, or leasing strategies such as swapping land for more advantageous forage.

Equipment: Stuart emphasizes that new paint is expensive, and suggests that out-of-the-box equipment arrangements might include leasing equipment that is only needed seasonally, or sharing equipment with a neighbor (i.e. one buys a swather, the other buys a baler) He notes that equipment

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New Thinking Needed *(continued from page 1)*

sharing arrangements do require some extra communication and planning, but they can be workable for some situations. Another option to consider is custom harvesting – whether you hire out your services and equipment or hire someone for your harvest needs. Stuart says the bottom line is to consider all equipment costs (depreciation, interest, repairs and maintenance) in your calculations as you evaluate these options.

Land base: "Land is more than just land," Stuart says, and he encourages landowners to think about opportunities offered through mineral rights, wind resources, water resources, hunting, recreation, or swapping land through leases or deeds.

Equity/Access to capital: "Think of your equity as a separate profit center," Stuart says to producers. Along with that he wants producers to ask themselves: How do you put your equity to work, earning a greater rate of return than your interest rate? Stuart notes that their can be several options – one might be to leverage your land to buy an apartment complex (or other real estate) that cash flows and pays for itself.

Knowledge/skills: Sometimes knowledge and skills are overlooked as an asset, Stuart points out. He poses the questions: What are you good at? Passionate about? What do you do better than most? Can you the turn those skills into a profit center as a consultant or doing additional work off-season? Stuart emphasizes, "I'm not saying get a part-time job so you can ranch. I'm saying maximize your skills."

Business Relationships: Another resource to consider is the "network" of people that you know and teaming with them to build your business opportunities. Stuart says, "Expand your network beyond the cattle world." As examples, he asks: Does your doctor need a place to hunt? Do you have a relative or friend who would like to invest in land and lease it to you? Can you custom precondition calves for a feedyard?

Stuart notes that what fits one operation may not be right for another. But he believes that by applying new thinking to each of these resource categories, American beef producers can find viable opportunities to be sustainable – and profitable – for the future.

Stuart concludes, "The word sustainability doesn't mean green – it means if it's not profitable, it's not sustainable."

Ethanol Potential of Grasses

Growing perennial grasses on the least productive farmland now used for corn ethanol production in the U.S. would result in higher overall corn yields, more ethanol output per acre and better groundwater quality. So say University of Illinois researchers in a new study. The switch would also slash emissions of two greenhouse gases: carbon dioxide and nitrous oxide.

The study used a computer model of plant growth and soil chemistry to compare the ecological effects of growing corn, miscanthus and switchgrass. The researchers found that switching 30% of the least productive corn acres to miscanthus offered the most ecological advantages.

"If cellulosic feedstocks (such as miscanthus) were planted on cropland that is currently used for ethanol production in the U.S., we could achieve more ethanol and grain for food, while reducing nitrogen leaching and greenhouse gas emissions," the researchers wrote in their report, published in *Frontiers in Ecology and the Environment*.

Miscanthus grows in thick stands up to 13' tall in test plots in Illinois. It does well on marginal land without being fertilized, so using it as a biofuel feedstock instead of corn would eliminate a major source of air and water pollution, report the researchers.

Additionally, both switchgrass and miscanthus are perennial grasses, which means you don't have to till every year, you don't have to plant every year, so there's much less soil disturbance happening than with corn. And because the root system remains in place year after year, there's more carbon going into the soil.

However, hurdles remain before the transition from corn to cellulosic ethanol production can occur on a commercial scale, say the researchers. Converting the sugars in corn to ethanol is easier than releasing the energy locked in plant stems and leaves. The next step needed in the industry is to break down the economic barriers by making an efficient conversion chain from lignocellulosics to ethanol.

Meanwhile, Prairie Skies Biomass Co-op, a grower cooperative in south-central Minnesota, plans to build a third-generation biofuels plant. The plant, to be located in Madelia, will use native grasses, alfalfa, grass hay, wheat straw, corn stover and other biomass materials to produce gasoline, diesel fuel and ammonia.

Organized by a local non-profit group, Rural Advantage, the co-op plans to develop the project in three stages. In the first stage, biomass feedstocks will be used to make a bio-coal product that can provide energy. In phases two and three, the plant will begin producing ammonia and gasoline and diesel fuels.

"It started out as a water-quality project," says Linda Meschke, president and founder of Rural Advantage. "We were looking for a way to reduce the non-point source pollution that results from having a local landscape that's made up of about 90% corn and soybeans. This project will provide some market incentives for getting more perennial grasses out on the land at targeted locations."

It will be at least two years before first-stage construction on the project starts; up to five years before construction is completed, Meschke expects. The plant should utilize 300 tons of biomass material/day.

READY FOR WINTER?

REMINDERS TO MONITOR BODY CONDITION

Is she a 5? Going into the winter months, that's a question you should be asking yourself about the cows in your herd.

South Dakota veterinarian Chandy Olson reminds producers, "Cows in poor body condition during the winter usually leads to poor body condition prior to and after calving which can delay estrus and lead to higher incidence of open or late calving cows as well as greater susceptibility to disease."

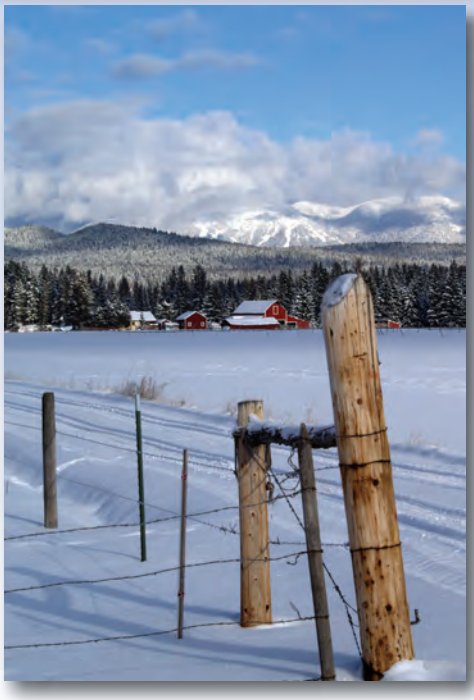
She suggests adding weight to thin cows after weaning so they can maintain that condition through the winter and into calving. Olson says this strategy is usually less expensive and more successful than trying to add weight to cows just prior to calving next winter or spring. She says, "Adding weight to thin cows later in gestation during extreme cold is virtually impossible due to high energy requirements to maintain body temperature, growing gestational requirements and increasingly limited rumen capacity."

Olson notes that the optimum Body Condition Score (BCS) range is usually 5 to 6, with cows between BCS of 4 to 5 considered marginal. Because it is a subjective measure, she suggests producers consider having a third-party verify their cows' BCS after weaning.

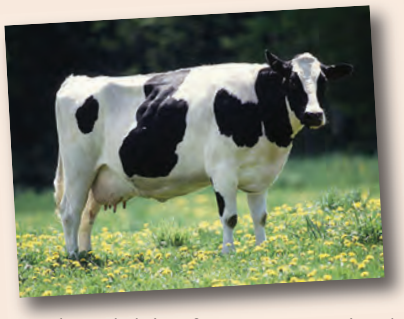
Olson adds that fall prebreeding vaccinations are an effective – and relatively inexpensive – part of a herd health program. But she emphasizes they are not a silver bullet. She concludes, "Cows in poor condition won't breed well next spring regardless of mineral, vaccine or fancy bulls."

Deworming cattle in the fall can also help promote herd health and curb parasites.

Going into winter, bulls may need some extra TLC depending on their age and the amount of weight lost during the breeding season. Olson says most bulls can be managed on an all roughage diet through the winter, but young or thin bulls may need extra care and supplemental nutrition to rebound.



GLCI SPOTLIGHT: WISCONSIN



A unique grass-based dairy farmer apprenticeship program is underway in Wisconsin. The program recently received a three-year USDA Beginning Farmer and Rancher grant for approximately $750,000. The apprenticeship program will facilitate "new" dairy farmers learning grazing management practices from a Master Dairy Grazier. It is a formal State Department of Workforce Development-sponsored apprenticeship similar to those offered to a plumber, electrician, sheet metal worker, etc.

Also this past summer in Wisconsin, NRCS and GLCI completed a state-wide forum on out-wintering livestock, looking at water quality research and impacts from out-wintering. If properly located and managed, out-wintering livestock can have a minimal impact on the environment, while reducing the cost of production. Presently, grazing management leaders in the state are producing a list of best management strategies to guide producers in profitably managing livestock outdoors in the winter months.

Wisconsin will host their annual grazing conference January 12-14, 2012 in Wausau, Wisconsin. For more information visit grassworks.org

- Submitted by Brian Pillsbury and Paul Daigle, Wisconsin

NRCS Announces Northern Plains Farmers and Ranchers Apply for New Migratory Bird Habitat Initiative

Chief Dave White of the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) has announced that Northern Plains farmers and ranchers have applied to enroll portions of their private lands into a new initiative designed to enhance migratory bird habitat and improve the water quality and the health of grasslands in the Prairie Pothole Region of Iowa, Minnesota, Montana, North Dakota and South Dakota.

NRCS is committing more than $10.8 million to support the effort, known as the Northern Plains Migratory Bird Habitat Initiative (NPMBHI), in a region of the United States that provides feeding, nesting, breeding and resting areas to many species of migratory waterfowl. More than 5 million pair of ducks breed in the region each year.

"This tremendous effort will put proven conservation practices to work protecting and sustaining important migratory bird habitat and improving water quality and grasslands," said White. "America's producers know that there is no inherent conflict between a thriving agricultural operation and improved wildlife habitat. In fact, well-managed private lands support healthy ecosystems that provide clean water, wildlife habitat, recreational opportunities and other environmental services that benefit the public, while improving the vitality of agricultural lands and the economies of local communities. "

NCBA RECOGNIZES "BEST STEWARDS OF THE LAND"

For 21 years, the Environmental Stewardship Award Program (ESAP) has recognized U.S. cattle producers for outstanding stewardship and conservation practices. Six diverse cattle operations were recognized as regional Environmental Stewardship Award winners this past August at the 2011 Cattle Industry Summer Conference in Kissimmee, FL.

The six operations will now compete for the national Environmental Stewardship Award, which will be announced in February 2012 during the annual Cattle Industry Convention and Trade Show in Nashville, TN.

Sponsored by Dow AgroSciences; the U.S. Department of Agriculture's (USDA) Natural Resource Conservation Service (NRCS); the US Fish and Wildlife Service; the National Cattlemen's Foundation (NCF); and the National Cattlemen's Beef Association (NCBA), ESAP recognizes cattle operations that use superior conservation practices to sustain the land for future generations. Candidates are judged on management of water, wildlife, vegetation, soil, as well as the nominee's leadership and the sustainability of his/her business as a whole.

The six regional winners are:

- The Masonic Village, Elizabethtown, Pennyslvania;
- Daigle Farms, Ragley, Liousiana;
- Matador Ranch, Matador Texas;
- M/M Feedlot, Parma Idaho;
- Della Ranches and the Tanner Family of Grouse Creek, Grouse Creek, Utah; and
- Center of the Nation Cattle Company, Newell, South Dakota

Calculator to assess weathered hay value

The Noble Foundation has developed a calculator to help producers estimate the actual value of the edible hay in a weathered round bale. Users enter basic information about bale diameter, width and weight; average depth (in inches) of damaged hay; and per-bale costs. The calculator delivers an estimate of the edible weight of the bale (discounting waste), the per-pound value of the edible hay, adjusted value of the hay in the bale per ton and percentage of edible hay in the bale. Access the online tool at http://www.noble.org/tools/weathered-hay/.

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

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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

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