

**BUILDING BLOCKS  
for a  
SUCCESSFUL BUSINESS**

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**PROFITS for PRODUCERS**

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# 3 Secrets for Increasing Profit

- **Reducing Overhead Costs**

Costs that don't change much as livestock numbers change

- **Improve Gross Margin Per Unit**

Measure of economic efficiency of your livestock

(subtract the *direct costs* of production from *gross product*)

- **Increase Turnover**

Number of animal units carried

# Reducing Overhead Costs

- Two types of overheads
  - Land - fencing / water trough repairs
    - property taxes
    - leases
  - Labor - salaries / benefits
    - vehicles and equipment costs

# Improve Gross Margin Per Unit

(measure of the economic efficiency of your livestock)

Direct Costs - Gross Product = Gross Margin

Direct Costs - costs that increase or decrease as livestock numbers increase or decrease

(feed/health/freight/marketing expense/interest livestock loans)

Gross Product - gross value of production

(livestock sales minus purchases and includes changes in the value of your herd)

# Increase Turnover

(the number of animal units carried)

IF gross margin is positive,  
increasing turnover will increase profit

.....

IF it doesn't increase land or labor  
costs or damage the resource base

# Build a Business that Works for YOU

WITB - working IN the business

WOTB - working ON the business

# Business Plan

- Overall description - mission/goals/future
- Management overview - labor / insurance
- Description of products planned to market
- Market analysis / development of marketing strategies - target / methods / opportunities
- Financial plan - historical statements / balance sheet / actual financials / enterprise budgets / start-up costs

# **BUSINESS PLAN**

- **?? WHY ??**
- **Research**
- **Capital Investment**
- **Profit and Loss Statement**
  - **Gross Margin Analysis**
  - **Scale / Size of business**
  - **Increased turnover**



# BUSINESS PLAN

- Stock flow - wethers / does / bucks
- Business Analysis - marketable
  - feasible
  - results
- Subcontracting - cattle / sheep / goats

# The 29 Rule

- **Gloves / Jackets**
- **Soap**
- **Cosmetics**
- **African drum covers**
- **Horn trumpet(s)**
- **Stuffing casings**
- **Tripe**
- **Bone buttons**
- **Farm stays**
- **Real estate development**
- **Streambank restoration**
- **Duck fly ways**
- **Transgenics research**
- **Leather harness**
- **Goat carts**
- **Pack goats**
- **Handicapped programs**
- **Fibre**
- **Weeding – crops**
- **Medical needs**
- **Transportation**
- **Consulting / Seminars**
- **Land Enhancement**

# Managing Cash Flow

1. Is the business profitable? Economics
2. How will I pay for it? Finance
3. What are the tax consequences?

A thought process to assess management alternatives and a monitoring tool to track cash movement.

# RECORD KEEPING

No 'one' or 'best' way. The system should:

- Provide accurate and necessary information
- Fit into the farm organization or framework
- Be available in a form to aid decision-making

# MARKETING

Auction Sales

Direct Sales

Niche Marketing

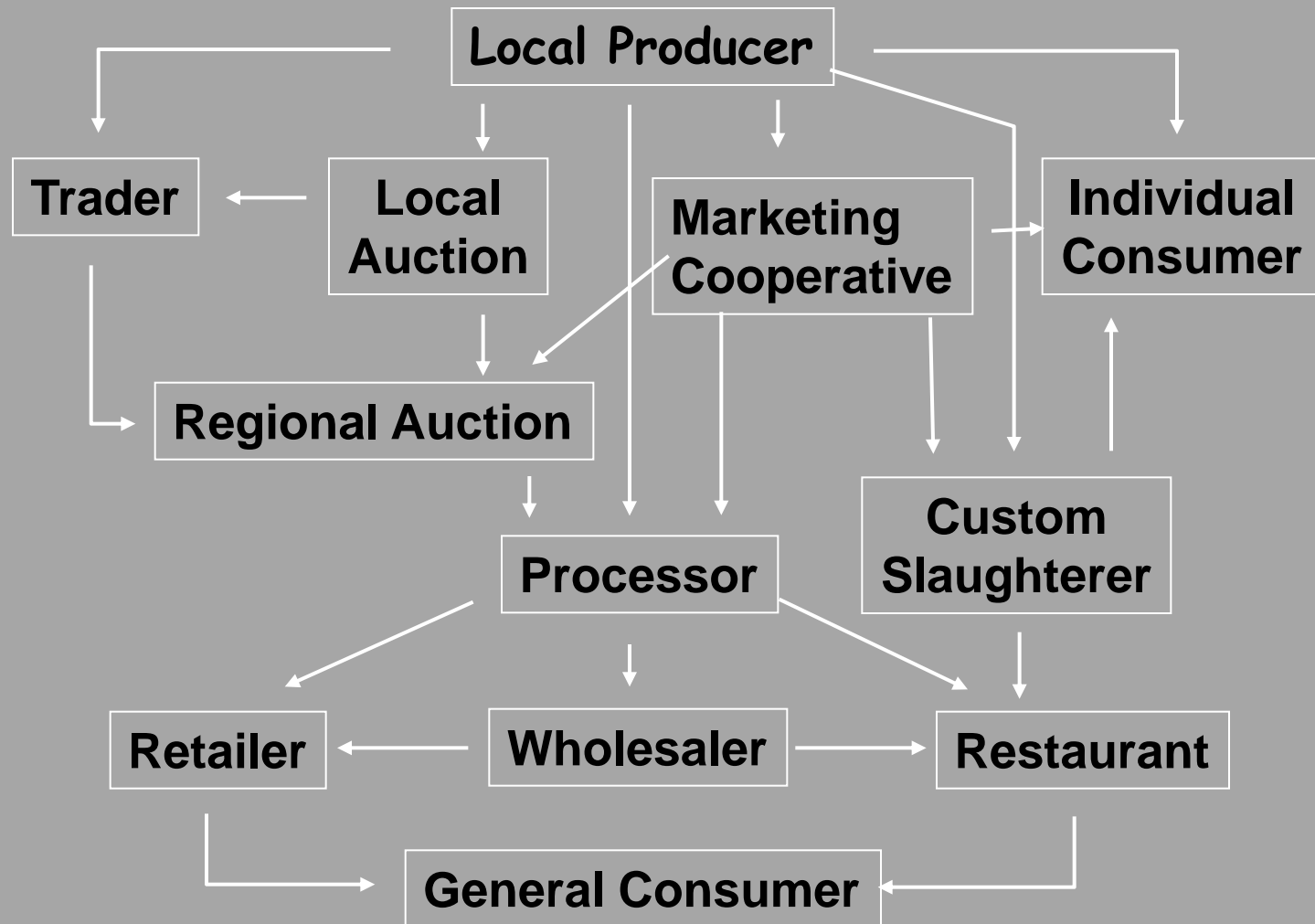
Ethnic Economics

Religious / Traditional Holidays

Farmers Markets

Marketing Cooperative

# Producer Meat Goat / Meat Sheep Market Channels



# Value-Added Marketing of Goat Products

- Identify the consumer
  - Convenience-oriented consumer
  - Natural / Organic customer
  - Ethnic population(s)
- Identify the product
  - Processed
  - Fresh
  - Frozen

# Meat

- Live animal sales (local & regional auctions)
- Livestock trader
- Marketing Cooperative (wholesale, retail, live)

## Individual (niche / direct)

- ethnic groups
- processor (deli meats)
- restaurants (chefs)
- wholesaler (natural and organic)
- retailer (cut and wrap)
- private sales / farmers market



# Value-Added Products

Breeding Stock - Commercial / Purebred / Seedstock and Herdsire production  
- Replacement stock / Wethers for land cleaning

Meat - Carcasses / Processed Meats / Ready-to-eat

Hides (gloves / vest) / Fibre (sweaters / socks)

Land enhancement / Stream bank restoration / Restoration of decimated lands

Flyways for migratory birds / Fuel load reduction in timberlands

Orchard cleaning / Vineyard vegetation management

Multi-specie diversified land management

Invasive specie eradication

Hay field weed abatement

Edging hedges to minimize encroachment

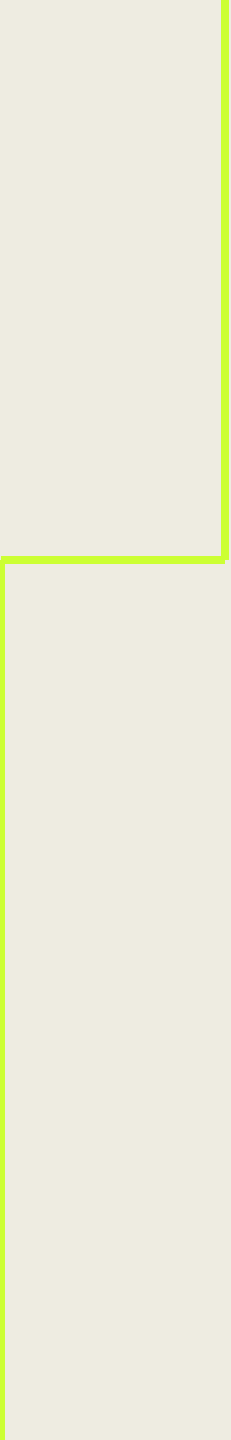
Cheese / Yogurt / Ice cream / Candy

Pack Goats / Driving Stock

AgriTourism - ex. Christmas trees

Soap / Lotions

Youth programming

A yellow L-shaped graphic element consisting of a vertical line on the left and a horizontal line extending to the right from the bottom of the vertical line.

# Conformation and Carcass Merit

# Consistency and Predictability of Production Management Goals

Quality Live Animal

Quality Carcass



## **GREEK**

**Young goat 3-4 months  
of age weighing 45  
pounds.**

## **HISPANIC**

**Young bucks 4-5  
months of age  
weighing 65 pounds.**

# MUSLIM

**Cull bucks and wethers weighing 110 pounds and carrying obvious finish. There are religious differences between and within groups.**

# **JAMAICAN**

**Yearling bucks or older that weigh 140 pounds.  
There is a big Jamaican holiday the first week  
of December.**

# EUROPEAN

**Cull females and wethers at 6-7 months of age weighing 75 pounds.**

# Carcass Quality Evaluations (Native Vegetation)

Live Weight (pounds)	Dressing Percentage <sup>1</sup>	Ribeye (sq. in.)	Conformation Score <sup>2</sup>	Lean Maturity Score	Carcass Length (in.)
50	47%	1.6	12	choice	34 to 36
60 to 70	44 to 48%	1.9	10	choice	37 to 39
70 to 75	48 to 49%	2.0	10 to 11	choice	40
76 to 80	48%	2.2	12 to 13	prime	40 to 42

<sup>1</sup> Dressing percentage is the carcass hot weight without the head, legs (removed at knee and hock), skin, heart and liver.

<sup>2</sup> Conformation Score is based on a rating from 1 to 15



## Carcass Weight and Weight of Processed Cuts from Meat Goat Wethers (Native Vegetation)

Whole Carcass Weight (#'s)	Weight of Processed Product (pounds)							
	Bone	Cut & wrap	Rolled Shoulder (boneless)	Chops	Rolled Leg (boneless)	Stew	Ribs	Shanks
36	10	26	6	4.5	5.5	4	2.5	3.5
45	12.5	32.5	6	7.5	7	4	4.5	3.5

# **Contract and Services Negotiation Considerations**

- **Written contract with land owner BEFORE any land enhancement is started or livestock moved**
- **?WHO? are you doing business with**
- **Exact location identified and project dynamics determined**
- **Time frame noted - vegetation time frame**
- **Media management**

# INSURANCE

- Comprehensive General Liability
  - Broad Form Property Damage
  - Livestock and Full Mortality
  - Workmen's Compensation
    - Health
    - Equipment
- Third Party Fire Fighting and Fire Suppression Expense Liability

# LABOR

- Acquisition and Retention
- Experience and Knowledge Level
  - Salary Base
- Essentials (housing/food/vehicle)
  - Job Description
  - Written Contract
- Termination policy - in detail

# Contract and Services Negotiation Considerations

- Adamant reiteration that animal welfare issues take precedence over all else (Body Condition Score Monitoring, Health Status)
- Fee assessment based upon: (project / acreage / stock numbers / specie)
- Indemnity clause defined within the contract

# CONTRACT NEGOTIATION

(other possible inclusions)

- Specify exact name of landowner / contractor
- Prearranged agreement on additional costs should work increase after the project commences
- Ability to re-evaluate acreage changes incurred during treatment
- Control of predation must be within the limits of the law

# CONTRACT NEGOTIATION

(other possible inclusions)

- Monitor vegetation condition and manage livestock accordingly
- All conditions regarding water sources must be in writing
- Water quality and water retention is a major human resource concern
- Identify all environmental regulations and guidelines
- Detail subcontractor regulations (if any)

# CONTRACT NEGOTIATION

(other possible inclusions)

- Terms relating to contract suspension or termination
- Agreement date and work commencement date in writing
- Security deposit / insure project completion
- Contractor assumes risks but negligence of landowner is their responsibility and liability
- Suspension and termination agreement



# Business Analysis - ?Why Bother?

- Gross revenue generated from each business
- Cost of generating the revenue
- Net profit for each business
- Obtaining reasonable return for time spent
- Consider options and effectiveness

# Enterprise Evaluation

- Stock flow (does, doelings, bucks, bucklings, wethers)
- Allocation (to production/projects)
- Valuation (before and after inventory)
- Profit and loss statement (gross margin)
  - Gross income
  - Variable & fixed expenses

# MAN AGE MENT

- Genetics and Breeding
- Reproduction
- Nutrition - browse/pasture/supplementation
- Fencing
- Health (disease prevention, biosecurity, internal parasites)
- Environment
- Facilities
- Dogs - guardian
  - herding
- Behavior
- Stress

# - INTER · RELATIONSHIPS -

ITEM	PLANT	ANIMAL	SOIL	ECONOMICS	SOCIAL
Mob/Herd Objectives					
Unit Size					
Feed on Offer					
Desired Residual					
Growth Rate					
Growing Conditions					
Animal Conditions					
Days Browsed					
Days Grazed					

# HUMAN ANGLE

Happy, healthy family - all members are on the same page

Ability to start with the end 'in mind' - the GOAL

No question unanswered as to the longevity of the commitment

Achievement involves choices - discipline / hard work

self-control / willingness to make sacrifices

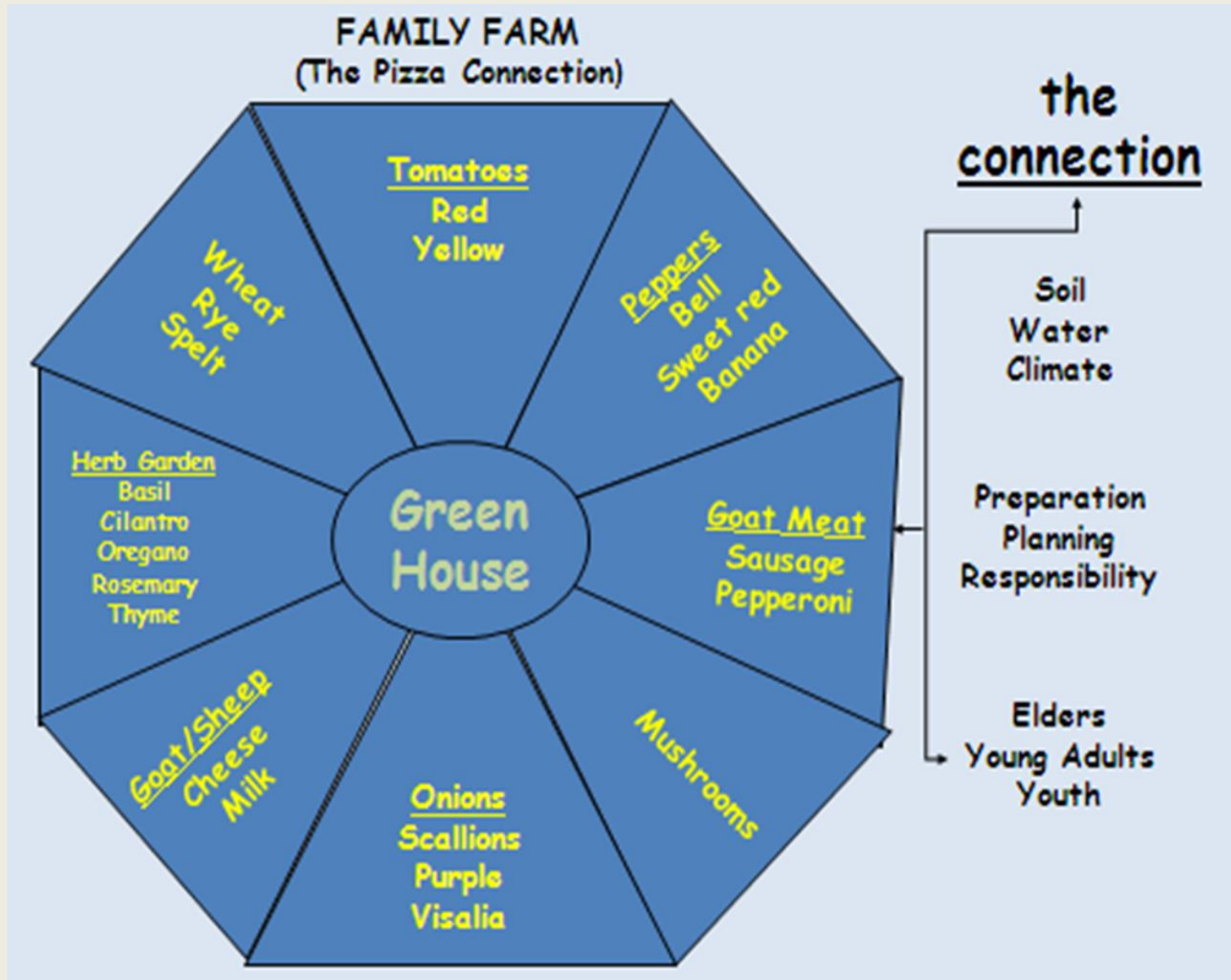
dedication / determination

competitive drive

And the belief in ones self

# Creativity and Innovation

!! It's all about building Relationships !!



**'serious considerations'** - it all comes down to putting the right PEOPLE together without the wrong intentions to get an industry going in the right direction. And, it is always a people problem - they have to have a vision with the passion, dedication, discipline and commitment to follow it through to the desired results. One has to have a plan - a positive plan, and strive for that plan - not even considering that it could not be possible. The mental toughness and truthfulness to oneself can be hard at times BUT, there isn't an option. Success has to become a habit and there has to be a leader that drives the process - and those joining that leadership/organization/business - have to have the faith and deep soul connection to know that it will be achieved.

# On Existence

**We travel along the road of life:**

**hardly knowing what we are, yet always daring to be something;  
seldom saying what we mean, but never afraid to have meaning;  
sometimes failing in our endeavors, though never tempted to cease trying;**

**seeking satisfaction at every level, yet never defining happiness,  
often apologizing for our existence, while realizing that life is its own excuse**

**But the real joy of our otherwise insignificant efforts is that we are never quite satisfied to be on the left, or right, or in the middle of that road.**

**We are always attempting to change its direction**