BUILDING BLOCKS for a SUCCESSFUL BUSINESS

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PROFITS for PRODUCERS
TN / AL Small Ruminant Conference - 27/28/29 October 2016
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.
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

Local Producer
- Trader
- Local Auction
- Regional Auction
- Marketing Cooperative
- Processor
- Wholesaler
- Restaurant
- General Consumer

Individual Consumer
- Custom Slaughterer
- Restaurant
- General Consumer
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
Conformation and Carcass Merit
Consistency and Predictability of Production Management Goals

Quality Live Animal  Quality Carcass
Young goat 3-4 months of age weighing 45 pounds.

Young bucks 4-5 months of age weighing 65 pounds.
Cull bucks and wethers weighing 110 pounds and carrying obvious finish. There are religious differences between and within groups.
Yearling bucks or older that weigh 140 pounds. There is a big Jamaican holiday the first week of December.
Cull females and wethers at 6-7 months of age weighing 75 pounds.
### Carcass Quality Evaluations (Native Vegetation)

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

<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)

<table>
<thead>
<tr>
<th>Whole Carcass Weight (#')s</th>
<th>Weight of Processed Product (pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bone</td>
</tr>
<tr>
<td>36</td>
<td>10</td>
</tr>
<tr>
<td>45</td>
<td>12.5</td>
</tr>
</tbody>
</table>
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
MANAGEMENT

- Genetics and Breeding
- Reproduction
- Nutrition - browse/pasture/supplementation
- Fencing
- Health (disease prevention, biosecurity, internal parasites)
- Environment
- Facilities
- Dogs - guardian
  - herding
- Behavior
- Stress
<table>
<thead>
<tr>
<th>ITEM</th>
<th>PLANT</th>
<th>ANIMAL</th>
<th>SOIL</th>
<th>ECONOMICS</th>
<th>SOCIAL</th>
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</thead>
<tbody>
<tr>
<td>Mob/Herd Objectives</td>
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<tr>
<td>Unit Size</td>
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<tr>
<td>Feed on Offer</td>
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<tr>
<td>Desired Residual</td>
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<tr>
<td>Growth Rate</td>
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<tr>
<td>Growing Conditions</td>
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<tr>
<td>Animal Conditions</td>
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<tr>
<td>Days Browsed</td>
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<tr>
<td>Days Grazed</td>
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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 !!

FAMILY FARM
(The Pizza Connection)

- Tomatoes
  - Red
  - Yellow
- Peppers
  - Bell
  - Sweet red
  - Banana
- Goat Meat
  - Sausage
  - Pepperoni
- Mushrooms
- Onions
- Scallions
- Purple
- Visalia
- Goat/Sheep
  - Cheese
  - Milk
- Wheat
  - Rye
  - Spelt
- Herb Garden
  - Basil
  - Cilantro
  - Oregano
  - Rosemary
  - Thyme

the connection

- Soil
- Water
- Climate
- Preparation
- Planning
- Responsibility
- Elders
- Young Adults
- Youth
‘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.