

# Brown Cattle Company

*A Case Study of a Cow/Calf Business Plan*

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Figure 1.

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## Executive Summary

Brown Cattle Company is a family partnership operation in Home County, Nebraska. The operation is primarily a cow/calf operation with some corn and hay production. We currently own 400 acres of center pivot irrigated land for crops, 150 acres of grassland meadow, and 1,600 acres of pasture. Currently, we have 145 head of commercial cows, 10 head of Maine Anjou cows and 35 head of commercial replacement heifers. Since we decided to start our cattle operation in 1984, we grew steadily to the extent that the operation is meeting most of our family living needs. During the last five years we have managed a net worth above \$1 million. Our main near-term goal is to increase our Maine Anjou herd to 50 head. Our primary strategy has been to be a low-cost operator, capitalizing on profitable pricing as opportunities arise. This included our purchase of an adjacent property in 2010 that expanded our operation by 300 acres. Our key farm financial ratios are:

Current Ratio = 1.90

Debt to Asset Ratio = 0.28

Although we have decreased our Debt to Asset Ratio greatly since we started the operation, we are continually working on improving this measure because the return on investments in the cattle operation is low.

Some of our near-term plans include freeing Donna from the farmwork to enable her to pursue a nursing career; increasing the weaning percentage to 92 percent from the current 89 percent; exploiting the grading and pooling marketing opportunities; and better risk management.

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## History and Overview of Operation

In 1984, Donna and I decided to start building our own cattle operation. My father owned all of the property at that time and, until 1988, I worked for him. When my father became ill, Donna and I decided to purchase the ground from my father. He agreed to loan us the \$415,000 at 8.0 percent interest for 30 years on a contract for deed.

In 2010, we were able to purchase a 300-acre property bordering us on the northwest that was too good to pass up. It added 120 acres of irrigated cropland and some productive grassland to our operation. We did this with the future in mind as we would like our children to have the opportunity to work their way into ownership of the company and continue the family legacy. We financed the purchase price of \$430,000 at 6.5 percent interest with Farm Credit on a 15-year note.

Currently, we own 400 acres of cropland under three center pivots. Two of the pivots are approximately 140 acres each, and the third pivot is 120 acres. One of the 140-acre pivots is currently planted to alfalfa and produces 5 tons per acre. The other 140-acre pivot is planted to an alfalfa/brome grass mix that also produces 4.5 tons per acre. The 120-acre pivot is currently being planted to continuous corn. The pivots are in a nine-year rotation with corn being planted continuously for three years followed by six years of hay production. On average, approximately 40 acres of corn are chopped for silage with the remainder sold as grain at harvest time.

In addition, we have 1,600 acres of pasture and a 150-acre meadow that is usually grazed, but has produced up to 320 ton of hay in a good year even when grazed. Our farmstead is approximately 10 acres.

Our livestock operation consists of 145 head of commercial cows, 10 head of Maine Anjou cows used to raise 4-H livestock, and 35 head of commercial replacement heifers. We feed out the calves from the commercial cows to market weight, while the calves raised from the Maine Anjou cows are sold shortly after weaning.

The commercial cows are naturally serviced while we AI all of our Maine Anjou cows for better performance calves. We are considering expanding our AI program. We would like to expand our Maine Anjou herd to at least 50 head, getting our overall cow numbers up near 200.

## Business Organization

<i>Business Name and Address</i>	Brown Cattle Company C/O Dan and Donna Brown RR 1 Yourtown, NE 68000		
<i>Telephone</i>	Business: 308-555-6789 Home: 308-555-6789		
<i>Type of Ownership</i>	Partnership		
<i>Who Is Involved in the Operation?</i>	<i>Name</i>	<i>Age</i>	<i>Position</i>
	Dan Brown	55	Owner & Operator
	Donna Brown	47	Owner & Bookkeeper
	Darcie Brown	22	General Labor
	David Brown	17	General Labor

If we do expand our Maine Anjou herd, we would consider having a production sale of those animals.

Our farm setup consists of two 90 foot by 120 foot pens and one 120 foot by 190 foot pen. The farm is in good condition. Little maintenance has been needed, except for the annual cost of fence repairs.

Donna received basic nursing assistant training and would like to pursue this career in the future. However, we currently feel that her help, along with our children's, is needed on the operation to prevent the extra expense of hired labor. Ultimately, we want all family members to have a choice whether to work on the farm or pursue opportunities off of the farm. We want the farm to stay in the family but do not want it to prevent individual family members from pursuing personal goals. Our vision is to grow the operation smartly, providing opportunities for all family members to live and work on the farm but having the flexibility and financial capabilities to hire labor as needed to get the work done.

### Mission Statement

Our mission is to be a progressive land and cattle operation, always striving to improve on past performance in a forward-thinking, sustainable manner, using the best practices and information available.

### Philosophy

We believe that the Brown Cattle Company is built on hard work, and that the shared dedication, commitment, and skill set of our family employees will move the operation forward into the future.

Our core values drive us to maintain a high level of integrity in the way we perform our jobs and the way we conduct ourselves. We will demonstrate respect for each other in the workplace and we will be good neighbors to the community. We will never forget that we are privileged to work on such beautiful and historic land.

### Land and Property

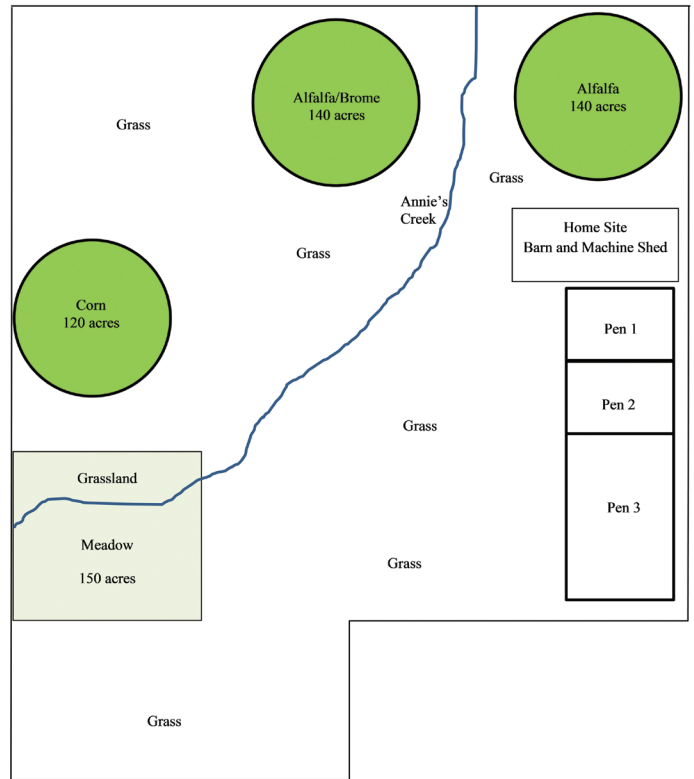


Figure 2.

### Purpose of the Plan

- To establish a reasonable set of business and family goals and develop strategies to obtain them.
- To identify sources of financial and legal risks, and develop strategies to reduce risks to levels we are all comfortable with.
- Secure financial support to continue production so that it may provide for all of our family members who wish to return to the operation.

## Goals and Objectives

### Overall Business Objective

- To produce quality livestock and commodities in a sustainable manner so that the operation can viably grow to provide adequate income to the whole family for the next 20 years or longer.

### Production Goals

- Increase our herd size to 200 head by expanding our Maine Anjou herd.
- Produce necessary feedstuffs cheaper than we can purchase them.

### Marketing Goal

- Develop a solid marketing plan each year that projects enough revenue to cover all of our out-of-pocket expenses.

### Financial Goal

- To meet debt obligation.

### Personnel Goal

- Provide enough income to fully employ all family members who wish to remain in the operation.

### *Short-Term Goals*

Various short-term goals have been formulated after carefully considering the farm business and family situations. An assessment of the needs and constraints for the next five years has been considered in drawing up these short-term goals.

- Decrease the total farm liability.
- Remodel farmhouse.
- Increase the herd size while improving the genetics.

### *Long-Term Goals*

The long-term goals are a bit unclear at this point in time, since the business as a whole is facing dynamic challenges. Still, they have been formulated to provide guidance for future activities, mostly concentrated on family well-being, and farm succession plans.

- Develop the business to a stage where it can support all of our children who want to be involved in farming and ranching.

- Train and orient the children to take over the operation.
- Create sufficient retirement funds to cover retirement life.
- Develop a farm succession plan with our children.

### *Priorities & Goals*

#### First Priority

- Increase our production and decrease liability so that the operation can support all family members who wish to remain active in the operation.

#### Second Priority

- Create a succession plan to provide a transition of ownership to the children so that we can retire.

### Strategic Outlook

We feel that the livestock production industry will continue to be a tight profit margin business over the long run. We also understand that the operation is capital intensive with very low returns on investment compared with other agricultural enterprises. However, it is the lifestyle created by the business that made us choose it. Our business strategy is laid around a couple of concrete measures that will not only enable us to survive in the long run but also thrive in the risky environment in which we operate.

- We plan to compete by being “low-cost” producers while taking advantage of the profitable pricing opportunities as they arise. Raising most of our feed gives us a competitive edge since feeding costs alone can consume up to 40 percent of the total costs.
- As a risk management strategy, we have some level of diversification through our crop enterprise.
- Since the cattle business is a low-margin business, we have tried to control our debt situation tightly, and we plan on continuous monitoring of this situation in the future.

### Present Business Situation

We are primarily a cattle operation with hay production. However, we do have a few corn acres and usually feed out our calves to a slaughter weight. We feel very comfortable with our present operation but are looking to expand in the near future to accommodate our son joining us in the business. Current

production enterprises of 145 head of commercial cows, 10 Maine Anjou cows, 35 commercial replacement heifers, corn, and hay are produced on the following land base:

- 400 acres of owned crop ground under a center pivot growing corn and hay.
- 150 acres of owned grassland meadow.
- 1,600 acres of owned pasture ground.
- 10 acre homestead with three cattle feeding pens.

## Legal and Contractual Situation

### Asset Contracts

- All farm assets are held in the name of Dan and Donna Brown. My father holds a lien on the property that will be paid off in 2018, Farm Credit holds a lien on the neighboring property we purchased in 2010 that will be paid off in 2025, and the local bank holds a lien on the livestock and machinery.

### Estate Plan/Will

- There is no written will or estate plan. This is one area we want to explore further and intend to do something about in the near future.

## Insurance

- Dan carries a term life insurance policy of \$250,000. We don't have any disability insurance, though we would like to purchase some. We have a family health insurance policy with a \$1,000 annual deductible per person; 20 percent co-payment; and a maximum \$5,000 annual out-of-pocket limit, including the deductible and all other payments and co-payments. Automobiles and trucks are covered with basic liability insurance, and on top of that we have a \$1 million Farm/Ranch Umbrella Liability Policy.

## Retirement Plans

- We have not been able to save for retirement at this time.

## Environmental Plans

- We do not have any plans at the moment.

## Production Situation

A brief review of the production activity for the Brown Cattle Company is provided below. Enterprises have been categorized and production particulars for each enterprise have been summarized for the last five years with Year 5 being the most recent.



Figure 3

## *Livestock Enterprise Production Trends*

<i>Description of the system</i>	<i>Cow/Calf enterprise</i>				
Production year	Year 1	Year 2	Year 3	Year 4	Year 5
Number of females in herd	90	102	114	128	142
Average conception rate	94%	94%	93%	94%	93%
Number of females calved	84	96	106	120	132
Average birth weight	82	82	82	82	82
Number of calves weaned	79	90	100	113	126
Weaning percentage	88%	88%	88%	88%	89%
Average weaning weight	500	440	400	425	455

## *Crop (Corn) Enterprise Production Trends*

<i>Description of the system</i>	<i>Corn/Silage enterprise</i>				
Production year	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Corn:</b>					
Total acres harvested	120	102	60	90	120
Average bushels/acre	130	115	91	120	148
Average price/bushel	\$4.55	\$5.83	\$7.01	\$4.37	\$3.58
<b>Silage:</b>					
Total acres harvested	20	38	80	50	0
Total production (tons)	347	583	971	800	0
Average tons/acre	17.3	15.3	12.1	16.0	0.0

## *Crop (Hay) Enterprise Production Trends*

<i>Description of the system</i>	<i>Hay enterprises</i>				
Production year	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Alfalfa:</b>					
Total acres harvested	120	120	120	120	140
Total production (tons)	636	714	530	630	685
Average tons/acre	5.3	6.0	4.4	5.3	4.9
Average price/ton	\$110	\$180	\$225	\$250	\$160
<b>Alfalfa/brome:</b>					
Total acres harvested	140	140	140	140	140
Total production (tons)	714	585	445	530	700
Average tons/acre	5.1	4.2	3.2	3.8	5.0
Average price/ton	\$100	\$180	\$210	\$225	\$130

## *Production Summary*

Over the past five years, we have tried weaning our calves at a younger age so that the cows can have more time to become conditioned for breeding. This has resulted in having the calves on feed longer, which has increased our feed costs. We are not sure if we should continue this practice. All of our production efficiency measures like conception rate, calving percentage, and weaning percentage have been marginally affected. The recent drought has impacted those results but we are not sure how much. The weaning percentage has stayed around 88 percent, which is near the state average. In the future, we would like to improve this to 92 percent or better because this single measure can have a tremendous impact on profitability.

Overall, however, Donna and I are pleased with the herd's production levels. We would like to increase our Maine Anjou herd and also increase our AI program in an effort to produce better quality cattle and receive a better price.

**Financial Situation**  
*Balance Sheet Trends*

Date	Asset/Liability Item				
	12/31/Year 1	12/31/Year 2	12/31/Year 3	12/31/Year 4	12/31 Year 5
<b>Current Farm Assets</b>					
Cash & Checking	\$20,000	\$32,062	\$21,150	\$34,800	\$46,970
Prepaid Expenses & Supplies	\$650			\$500	\$5,500
Growing Crops					
Accounts Receivable					
Hedging Accounts					
Crops & Feed Inventory	\$37,500	\$61,300	\$41,520	\$56,630	\$44,275
Market Livestock Held for Sale	\$57,720	\$65,760	\$64,000	\$93,900	\$152,400
Other Current Assets	\$19,865	\$21,116	\$21,985	\$23,368	\$24,210
<b>Total Current Assets</b>	<b>\$135,735</b>	<b>\$180,238</b>	<b>\$148,655</b>	<b>\$209,198</b>	<b>\$273,355</b>
<b>Intermediate Farm Assets</b>					
Breeding Livestock	\$77,760	\$73,440	\$98,500	\$101,380	\$140,585
Machinery & Equipment	\$136,170	\$88,000	\$71,000	\$66,000	\$64,680
Other Intermediate Assets	\$74,250	\$66,825	\$56,143	\$44,128	\$48,199
<b>Total Intermediate Assets</b>	<b>\$288,180</b>	<b>\$228,265</b>	<b>\$225,643</b>	<b>\$211,508</b>	<b>\$253,464</b>
<b>Long Term Farm Assets</b>					
Land and Improvements	\$1,260,000	\$1,297,800	\$1,336,700	\$1,470,400	\$1,485,100
Other Long Term Assets					
<b>Total Long Term Assets</b>	<b>\$1,260,000</b>	<b>\$1,297,800</b>	<b>\$1,336,700</b>	<b>\$1,470,400</b>	<b>\$1,485,100</b>
<b>Total Farm Assets</b>	<b>\$1,683,915</b>	<b>\$1,706,303</b>	<b>\$1,710,998</b>	<b>\$1,891,106</b>	<b>\$2,011,919</b>
<b>Total Non-farm Assets</b>	<b>\$58,500</b>	<b>\$52,650</b>	<b>\$47,385</b>	<b>\$42,647</b>	<b>\$45,860</b>
<b>Total Assets</b>	<b>\$1,742,415</b>	<b>\$1,758,953</b>	<b>\$1,758,383</b>	<b>\$1,933,753</b>	<b>\$2,057,779</b>
<b>Current Farm Liabilities</b>					
Accounts Payable					
Current Loans	\$43,215	\$58,524	\$62,113	\$62,100	\$60,000
Federal Income Taxes Payable	\$7,301	\$7,468	\$8,064	\$10,696	\$7,850
FICA Taxes Payable	\$5,510	\$7,020	\$7,580	\$10,207	\$5,824
State Taxes Payable	\$1,394	\$1,494	\$1,612	\$2,141	\$1,571
Property Taxes Payable	\$12,600	\$12,978	\$13,367	\$14,704	\$14,851
Principal, Current Notes Payable	\$9,826	\$23,339	\$37,891	\$61,649	\$81,245
Current Portion of Term Debt Principal	\$44,897	42,148	\$39,196	\$36,027	\$32,624
<b>Total Current Liabilities</b>	<b>\$81,528</b>	<b>\$94,447</b>	<b>\$107,710</b>	<b>\$135,424</b>	<b>\$143,965</b>
<b>Intermediate Farm Liabilities</b>					
Intermediate Loans (non-current portion)					
<b>Total Intermediate Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Long Term Farm Liabilities</b>					
Real Estate Loans (non-current portion)	\$604,143	\$563,696	\$520,297	\$473,729	\$423,758
Non-current Portion of Other Long Term Debt Principal					
<b>Total Long Term Liabilities</b>	<b>\$604,143</b>	<b>\$563,696</b>	<b>\$520,297</b>	<b>\$473,729</b>	<b>\$423,758</b>
<b>Total Farm Liabilities</b>	<b>\$685,671</b>	<b>\$658,143</b>	<b>\$628,008</b>	<b>\$609,153</b>	<b>\$567,723</b>
<b>Total Non-Farm Liabilities</b>					
<b>Total Liabilities</b>	<b>\$685,671</b>	<b>\$658,143</b>	<b>\$628,008</b>	<b>\$609,153</b>	<b>\$567,723</b>
<b>Total Equity</b>	<b>\$1,056,744</b>	<b>\$1,100,810</b>	<b>\$1,130,375</b>	<b>\$1,324,600</b>	<b>\$1,490,056</b>



## Income and Expenses Trends

<b>Income</b>					
<b>Production Income</b>	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Crop Sales	\$161,824	\$214,364	\$132,445	\$198,035	\$172,090
Gross Cattle Sales	\$109,493	\$95,507	\$112,909	\$129,372	\$186,3419
Gross Pasture Rental Income	\$4,275	\$3,296	\$1,807	\$0	\$0
<b>Total Gross Income</b>	<b>\$275,592</b>	<b>\$313,168</b>	<b>\$247,161</b>	<b>\$327,408</b>	<b>\$358,409</b>
<b>Expenses</b>					
<b>Production Expenses</b>	Year 1	Year 2	Year 3	Year 4	Year 5
Car and truck expenses	\$1,061	\$1,061	\$1,061	\$1,061	\$963
Chemicals	\$11,953	\$14,928	\$11,953	\$11,953	\$13,614
Conservation Expenses	\$0	\$2,500	\$0	\$3,000	\$0
Custom hire (machine work)	\$8,672	\$10,492	\$8,672	\$8,672	\$9,992
Depreciation and section 179 expense	\$25,703	\$26,959	\$28,214	\$29,679	\$31,499
Employee benefit programs					
Feed	\$4,512	\$5,113	\$5,715	\$6,417	\$7,118
Fertilizers and lime	\$26,486	\$30,686	\$26,486	\$26,486	\$28,118
Freight and trucking	\$3,261	\$3,309	\$3,357	\$3,413	\$3,054
Gasoline, fuel, and oil	\$27,629	\$42,875	\$28,529	\$29,054	\$44,682
Insurance (other than health)	\$5,514	\$6,772	\$5,743	\$5,876	\$7,023
<b>Interest</b>					
Mortgage (paid to banks, etc.)	\$44,897	\$42,148	\$39,196	\$36,027	\$32,624
Other	\$22,191	\$26,014.90	\$27,050	\$29,884.20	\$33,937
Labor hired (less employment credits)	\$7,301	\$7,468	\$8,064	\$10,696	\$7,850
Pension and profit-sharing plans					
<b>Rent or lease</b>					
Vehicles, machinery, equipment					
Other (land, animals, etc.)					
Repairs and maintenance	\$25,580	\$32,243	\$26,780	\$27,480	\$34,480
Seeds and plants	\$18,032	\$33,152	\$18,032	\$18,032	\$30,576
Storage and warehousing					
Supplies	\$0	\$0	\$0	\$0	\$0
Taxes	\$15,080	\$18,080	\$18,080	\$18,080	\$18,080
Utilities					
Veterinary, breeding, and medicine	\$2,520	\$2,856	\$3,192	\$3,584	\$3,976
<b>Other expenses (specify):</b>					
Accounting	\$592	\$617	\$643	\$673	\$702
<b>Total Expenses</b>	<b>\$250,983</b>	<b>\$304,273</b>	<b>\$257,765</b>	<b>\$267,065</b>	<b>\$305,359</b>
<b>NET INCOME</b>	<b>\$24,610</b>	<b>\$8,894</b>	<b>(\$10,605)</b>	<b>\$60,343</b>	<b>\$53,050</b>

## Liquidity and Solvency Measures

### LIQUIDITY MEASURES

1. CURENT ASSETS	TOTAL CURRENT ASSETS	/	TOTAL CURRENT LIABILITIES	=	
	\$273,355		\$143,965		1.90

2. WORKING CAPITAL	TOTAL CURRENT ASSETS	-	TOTAL CURENT LIABILITIES	=	
	\$273,355		\$143,965		\$129,390

### SOLVENCY MEASURES

3. DEBT/ASSET RATIO	TOTAL LIABILITIES	/	TOTAL ASSETS	=	
	\$567,723		\$2,057,779		.28

4. EQUITY/ASSET RATIO	TOTAL EQUITY	/	TOTAL ASSETS	=	
	\$1,490,056		\$2,057,779		.72

5. DEBT/EQUITY RATIO	TOTAL LIABILITIES	/	TOTAL EQUITY	=	
	\$567,723		\$1,490,056		.38

FINANCIAL MEASURE	GUIDELINE		
	Sound Financial Position	Caution	Immediate Action Needed
CURRENT RATIO	> 1.5	1.0 - 1.5	< 1.0
WORKING CAPITAL		Positive	
DEBT/ASSET RATIO	< 0.20	0.20 - 0.60	> 0.60
EQUITY/ASSET RATIO	> 0.80	0.40 - 0.80	< 0.40
DEBT/EQUITY RATIO	< 0.25	0.25 - 1.5	> 1.50

Source: Hoag, D. (2010). Applied Risk Management in Agriculture. New York: CRC Press.



Figure 4.

### *Financial Summary*

The drought years were tough but we have had two pretty good years recently. Our debt to asset ratio is at 28 percent. We have made good progress in getting this down since we bought the additional land in 2010. Our current ratio is in good shape, but we are always looking to improve. Currently, we are using Quickbooks for our financials, but we would like to get it set better to keep track of our individual enterprises and inventories.

### **Marketing Situation**

We have established quite a name for ourselves within the 4-H livestock industry so the demand for our Maine Anjou calves is high. We feel good about expanding that part of our operation. However, our market cattle are marketed when they are ready. We used to run them through the local sale barn but over the last several years have evolved toward selling almost all of them to farm buyers that come around

buying for major processors. We feel we could do a better job of tracking marketing trends and being more proactive in our pricing strategies rather than just taking what the market will give us.

### *Marketing Plan*

Currently, we are marketing our calves at around 1,200–1,300 pounds directly to regional processors. We market a few through the local sale barn, but not many. Since we want to expand our Maine Anjou herd, we want to do some historical data analysis to study the potential returns of marketing our calves from the main herd at different weights. We feel our cattle are genetically superior and perform well in the feedlot as well as on the grid at processing time. However, we are not currently marketing on the grid. We would like to explore that as well as forming some strategic alliances with cattle producers in the area to pool our production and get a better price from the buyers that like the cattle coming out of our area.

## Personnel Situation

*Name:* Dan Brown  
*Address:* RR1  
*City, State, Zip:* Yourtown, NE 68000  
*Title & Position:* Owner and Manager  
*Time Commitment:* 60+ hours per week  
*Skills & Contributions:*

*Name:* David Brown  
*Address:* RR1  
*City, State, Zip:* Yourtown, NE 68000  
*Title & Position:* Labor  
*Time Commitment:* 30 hours per week, average  
*Skills & Contributions:*

*Name:* Donna Brown  
*Address:* RR1  
*City, State, Zip:* Yourtown, NE 68000  
*Title & Position:* Owner and Bookkeeper  
*Time Commitment:* 30+ hours per week  
*Skills & Contributions:*

*Name:* Darcie Brown  
*Address:* RR1  
*City, State, Zip:* Yourtown, NE 68000  
*Title & Position:* Labor  
*Time Commitment:* Varied due to college schedule  
*Skills & Contributions:*

### *Job Description, Salary, & Benefits*

<i>Employee Name</i>	<i>Job Description</i>	<i>Salary</i>	<i>Benefits</i>
Dan Brown	Crop and livestock production and marketing, pay bills, secure financing, general management	Family Living Expenses	N/A
Donna Brown	Bookkeeping, pay bills, secure financing	Family Living Expenses	N/A
David Brown	General labor	~ \$6,000 / year	N/A
Darcie Brown	General labor	Varies	N/A

### *Labor & Training Goals*

<i>Goal</i>	<i>Barrier</i>	<i>Planned Response</i>	<i>Measurement</i>
High productivity	Limited resources	Check into leasing or renting new farm equipment	Increased yields
Improve marketing skills	Limited knowledge and experience	Research and study profitable marketing strategies	Higher returns on crops harvested and livestock sold
Reduce farm debt	Low crop returns and long-term low cattle returns	Cut back spending	Decreased debt load within 3 years
Create retirement savings plan	Limited knowledge and funds	Receive education on investment options and reduce spending in other areas	Have a retirement fund created within the next year

### *Personnel Summary*

Our operation is family-based with my wife, son, and daughter providing labor, bookkeeping, and management skills. The operation is run as a partnership. My wife and I are both active in paying bills and obtaining loans. I am primarily in charge of day-to-day operations, which include planting,

growing, harvesting, and marketing the crops as well as managing all of the cattle. Donna is in charge of the bookkeeping.

We do not have any type of hired labor outside of our children. We do feel that, in time, there will be a need to transfer more of our management knowledge to the kids. We would like one of them to take over the operation someday.



Figure 5.