

# South Dakota Rancher<sup>®</sup>

Management tips for South Dakota livestock and grassland managers

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January 2007

## Integrated Ranch Management (IRM)

The holidays are over, a new year is upon us, and calving doesn't start for most of us for another month or two. Unfortunately, the end of the holiday season marks the time when we must begin preparations to give the greatest gift of all to our favorite Uncle Sam. Which makes this is great time to start putting together our production and financial records so we can see how our operations performed in 2006.

The IRM program from the SDSU Cooperative Extension Service is one of the tools available to ranch business managers to help evaluate business performance. This three step program allows participants to evaluate and monitor 1) cow herd production efficiency, 2) whole ranch financial performance, and 3) individual enterprise performance.

***“It is difficult to manage something that hasn't been measured”***

- Peter Drucker

### Step 1: Standardized Performance Analysis (SPA)

The Standardized Performance Analysis (SPA) has been developed to help evaluate and monitor cow herd efficiency. Using this standardized set of definitions; cow/calf producers can critically evaluate efficiency of production and reproduction through the use of seven critical

measurements: 1) SPA Adjusted No. of females exposed, 2) pregnancy percentage, 3) calving percentage, 4) percent calf death loss, 5) weaning percentage, 6) average weaning weight, and 7) pounds of calf weaned per cow exposed.

Once these and other critical measures have been calculated through the SPA, they can then be compared to benchmark facts established for your area to help you identify strengths and weaknesses in your production system and to help you make key management decisions.

### Step 2: Whole Ranch Analysis

To conduct a whole ranch analysis a set of financial statements (whole ranch balance sheet and income statement) will be developed for your operation. At the end of the second session a set of financial ratios will be formulated to identify profitability, efficiency, liquidity and solvency of your operation. These measurements can be tracked across years to help the manager visualize the direction in which the business is headed.

### Step 3: Individual Enterprise Analysis

The enterprise analysis is a look backwards at how each individual enterprise performed, whether is was field crops, forage crops, weaned calves, or cull cows, we need to establish a cost of production, or 'breakeven' to further evaluate potential profits. Even though many enterprises never actually make money for an operation, they are simply are costs associated with producing a saleable product, like corn grown for feed-grade silage, the costs associated with that enterprise need

to be realized and accounted for. Those costs can then be charged to the cost of production of enterprises that produce a marketable product (like the feeder calves that the silage was fed to).

Most ranchers that have used the IRM program to measure success in their ranching operations first completed their initial analysis while participating in an IRM workshop provided through the South Dakota State University Cooperative Extension Service. In these workshops, participants are advised about what data to assemble and how to put it into an IRM analysis. Extension faculty can then meet privately with ranchers to discuss their analysis and what it means to their individual operation.

Completing an IRM analysis should not be a one-time activity, but should be done annually so that ranchers can analyze trends across years and see the results of changes they have made in their operations.

If you are interested in learning more about the Integrated Ranch Management program or completing an IRM analysis of your operation, contact Eric Mousel at 605-688-5455, [eric.mousel@sdstate.edu](mailto:eric.mousel@sdstate.edu) or Cody Wright at 605-688-5448, [cody.wright@sdstate.edu](mailto:cody.wright@sdstate.edu) in Brookings, or your local County Extension Educator.

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