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“THE BEST AND WORST DECISIONS I’VE MADE”

By, Bob Budd
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Given the amount of time I have driven around, or stood around thinking about this topic, I can now definitively say that it is one of the meanest assignments Professor Hixon has ever given out. The fact that he gave me several weeks to ruminate on the topic only makes it more distressing, and the loss of sleep has been severe. If the time frame were more strict, such as what is the worst or best decision you made yesterday, or last week, this would not be nearly as stressful, but to force me to think of every stupid thing I have done in the past eight years is a little harsh. For that I say, “thanks Doug,” because all of us should do this more often, but not all the time.

My discomfort obviously hinges on having to account for all of the bone-headed things I have done, and then having to compare that with a rather meager list of great, foresighted wisdom. So let me try to explain the process I followed as I thought this stuff through.

First, there are three basic components to making ranches work, and the public fails to see all of them at the same time. Simply put, ranching is a blend and balancing between ecological goals and realities, economics, and cultural demands. I tried to make the assessment of best and worst of each, and it led me to a lot of thinking. I won’t belabor the point, but as you already know, some of the really great decisions made in one area turned out to be disasters in another, and when you add time to the mix, this question becomes a massive tar baby. I only relate this because the mental exercise has been fantastic, and I encourage people to do this on their own – you will get more out of the process than you will out of this discussion, I assure you.

Worst decision? Trying to expand to scale too soon.

In order to validate Forest permits, maintain a cow/calf enterprise, and reach a breakeven point economically, all of our economic research pointed to a herd size around 400 mother cows. We first met the needs of the Forest Service, and did so by buying a mix of cattle from reliable sources. That was sound over time, because it did not require us to sink a fortune into a single herd of cattle, and allowed us to meet the minimal legal obligations we faced. However, at 250 total head, we were locked into marketing strategies that were less than optimal – specifically lacking a full load of calves – and quality growth was limited by the number of potential replacements. Our fixed costs, mainly labor, were not optimized, and we could not operate at a profit.

In deciding to expand rapidly, we evaluated a number of areas of concern, including potential to introduce disease to the herd, comparable genetics, marketability, and turnaround time to recapture the costs of expansion. In the market of the time, we decided that high quality bred heifers were the best option, because they gave us a long-term return, and a short-term income stream. Buying heifer calves had worked well previously, but the carrying cost to get them into production was high, and we were trying to get into production even faster. Buying older cows was about the same price as heifers, and we felt it offered greater potential for disease, and less certainty relative to quality – I think the notion was that if someone else didn't want them, either did we.

Well, all that great logic was great as logic, but the wreck was about to begin. The cattle we bought were outstanding, single iron heifers, in great condition. They calved well, with less than 10% needing assistance. But, the steep slopes and different forage type was a bad match for coming three-year-olds. By the end of the season (a pretty normal dry year), the heifers had lost weight, and their calves were among the poorest performers in the mix. While we added the requisite numbers, they didn't match the rest of the calves, so we still did not have a "load" of quality cattle we desired. Worse, nearly 40% of the heifers did not breed back, more than double the rebreeding percentage on our home-raised cattle. The market dropped, and we were lucky to get out of the situation by selling the pair for what we had in the heifers. The end result was that we laid out a lot of cash at the outset, lost money on the total expansion, and didn't get to the scale we needed. We lost a year, perhaps more, and the outcome continued. Of the 60 heifers we bought, only three were in our herd four years later.

What did I learn from this? Number one, ask your neighbors where to buy cattle. Take a harder look at matches from similar habitats – just because cattle come from the same county or state does not make them a good match. And, don't discount the value of getting to scale by using older cows as the means to the end. If I had it to do again, I would look for cows six and over, perhaps cows that don't fit another program, but will work in ours, and try to keep them for a timeframe that will bring their heifer calves into production. Younger cows generally carry a premium price versus older cows, and it may be possible to gain scale at a lower cost, with generally reliable returns from a proven source. If that route is chosen, herd health and genetic information is a critical element in selecting source cows, and it may be more advantageous to buy a smaller number of cows from a variety of known sources than to try and get it all in one place.

On the positive side, there were some easy answers. Converting from open ditches to underground and gated pipe irrigation systems allowed us to increase production quickly, and more efficiently. That decision is one that I can relate in nothing but a positive sense, and there are a number of programs that make this one highly cost beneficial. A second good decision was to make a very strong effort to deal with deferred maintenance on an ongoing basis. Since many of the ranches I work on needed some strong infrastructural enhancements, I may overstate the need for this, but it is far cheaper and easier to maintain than to replace. Still, those were too easy and too elementary for the sake of this discussion.

The best decision, in my opinion, was a combination of two communications efforts. The first was the establishment of a Coordinated Resource Management (CRM) framework for decision making and issue identification. By adding all of the local entities that had not only opinions, but experience, in our management planning, we were able to capture the intellectual assistance of a variety of people with whom we must work on a daily basis. Red Canyon Ranch includes state, BLM, and Forest Service lands. Only approximately 1/7 of the ranch is actually deeded, and our ability to operate in a sound economic and ecological manner is incumbent on the communication of our needs, as well as other reasonable desires of the public. By sitting down and working through some of these demands as a group, we have been able to accommodate a variety of processes and land treatments that would have been difficult or impossible to achieve in a vacuum. In addition, the CRM process allows all of us to better understand the issues that each other face, and deal with those in a setting that allows for complete and honest exploration of alternatives and new ideas. At the same time, it allows us to assess the positives and negatives of our management on an annual and longer term basis. All of this allows us adequate lead time to plan for contingencies, such as the recent years of drought in central Wyoming.

The outcome of this approach is the actual product that has perhaps paid the most dividends. As we began to discuss the variety of needs and desires for the ranch, we found that there were a wide array of perceptions and misinformation that needed to be rectified. The result was development of an “ecological management plan” that helps guide decision-making, and moreover, allows us to explain why certain actions are taken. The plan itself is not rocket science, nor is it difficult to develop. Most of the ranchers I know have this information in their heads – the challenge is to get it on paper, where it can be used to plan both into the future, and as a map from whence we’ve come. We account for wildlife habitat, livestock needs, water management, and other outputs, within a framework of monitoring and other evaluation that can be shared with others. This may be either informational, or to document range conditions, water use and other topics that can become controversial. Annual monitoring needs are driven by the planning process, and they include such items as rangeland utilization, fisheries monitoring, annual calf performance, hay production, and others that can be adjusted and fit the goals and objectives of any operation.

There are many more examples of decisions gone bad, and few gone good as well, but after a lot of hours of thinking this over, my best decisions are those that will be instructive over a multiple of years. The worst decisions? Those too, will be ongoing. My challenge is to learn something from both.