

Creating Cash Flow and Wealth with Cattle

Wally Olson

When you change one paradigm
you create another one . There are
no out of the box thinkers. When
you leave one box you enter
another one . Understand that every
one is right in there box . So its up
to you on what boxes you are going
to be in.

Ranching For Profit David Pratt

- Healthy Land,
- Happy Families &
- Profitable Businesses

All you need to be in the Cow Business is ?

A Cow

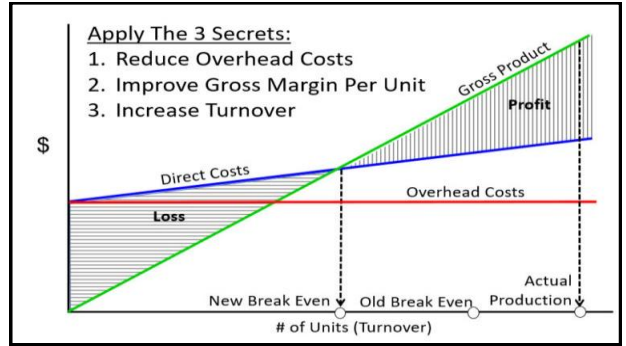
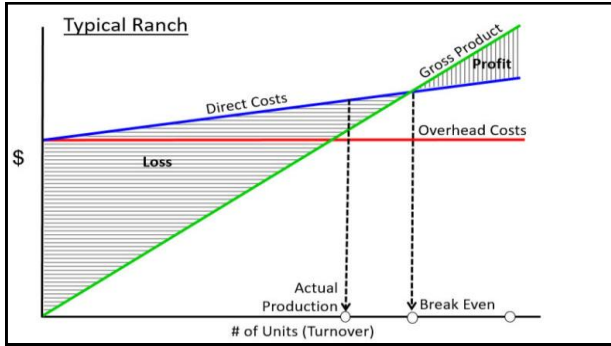
What is the one thing a Cow needs to produce

Profit

The 3 Secrets For Increasing Profit™

- Reduce overhead costs
- Improve the gross margin per unit
- Increase turnover

Ranching for Profit Schools Dave Pratt



- ### What we Control
- Attitude
 - How we react to the Markets
 - How we react to the Weather
 - What we do and how
 - How much it costs

Nebraska Winter-Summer Calving Study

Steer weaning wt	March born 486	June born 420
Price/cwt 1992/1998	84.33	97.46
Steer calves	Nov. ave. \$410	Feb. ave. \$409
Gross value steer	\$252	\$175
Cost head	\$158	\$234
Net steer		
\$/cwt heifers	\$74.78	\$84.53
Gross value heifer	\$348	\$342
Net heifer	\$96	\$167

Heifers born in late spring and early summer will mature sexually 2.5 to 3 months younger than those born during the winter

Year	Calves (no.)	PW Death Loss (no.)	PW Death loss(%)	Shipping weight (#)	Average \$/#	Cost of death loss
2007	1,972	34	1.72%	424 \$	1.50 \$	21,645.18
2008	2,430	232	9.55%	402 \$	1.41 \$	131,820.73
2009	2,251	173	7.69%	398 \$	1.39 \$	95,806.12
2012	2732	10	0.37%	406 \$	2.27 \$	9,209.06
2013	2156	11	0.51%	449 \$	2.01 \$	9,949.57
2014	2048	6	0.29%	439 \$	3.46 \$	9,126.72

Year	Calves (no.)	Post-weaning ADG (#)	Average \$/#	Value of PW Gain
2007	1,972	0.78 \$	1.50 \$	2,318.94
2008	2,430	0.36 \$	1.41 \$	1,244.58
2009	2,251	0.01 \$	1.39 \$	20.96
2012	2732	1.59 \$	2.27 \$	493,036.08
2013	2156	1.55 \$	2.01 \$	336,628.45
2014	2048	1.24 \$	3.46 \$	441,322.48

Year	Calves (no.)	PW Death loss(%)	PW ADG (#)	Avg \$/#	PW Death Loss (\$)	Value of PW Gain (\$)
Avg 2007-2009	2,218	6.32%	0.38	1.44	\$(83,091)	\$ 1,141
Swap Death and ADG	2,218	0.39%	1.46	1.44	\$(5,065)	\$ 231,439
Avg 2012-2014	2,312	0.39%	1.46	2.58	\$(9,428)	\$ 422,057
Swap Death and ADG	2,312	6.32%	0.38	2.58	\$(162,755)	\$ 106,280

Chip Hines Cow Size Table

Cow WT	% WN	WN WT	CALF PRICE	CALF VLUE	COW NO'S	80% NO'S	GROSS INCOME	GRASS COST	NET GRASS	NET HEAD
900	52	468	105.3	622.44	141	113	70,336	34,404	35,932	317.98
1000	50	500	119.53	597.65	132	106	63,351	34,415	28,936	272.98
1100	48	528	115.07	607.56	122	98	59,541	34,200	25,341	258.58
1200	46	552	108.90	601.12	116	93	55,904	34,324	21,580	232.04
1300	44	572	108.90	622.90	109	87	54,192	34,390	19,087	227.61
1400	42	588	108.90	640.33	103	82	52,507	34,176	18,331	223.56

Cow Weight taken at Weaning- A 900# BCS 4 cow at weaning could weight 1100# at BCS 6 at calving.

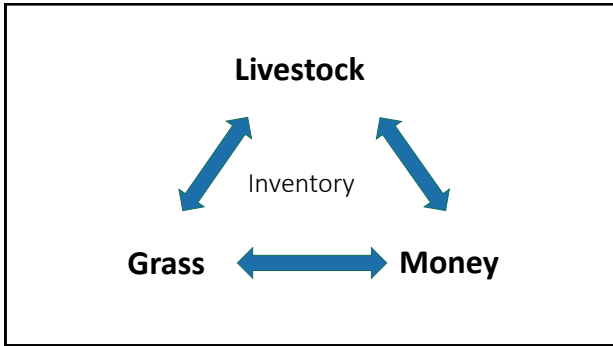
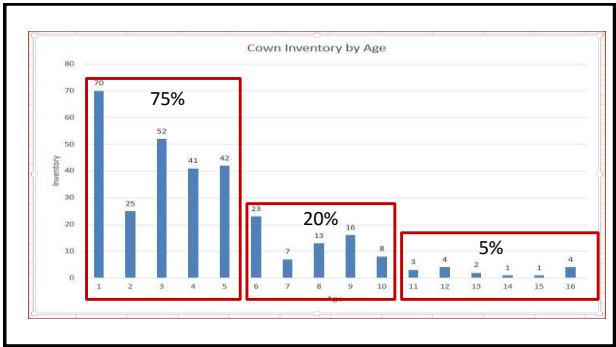
Marketing vs Selling

Springfield Livestock Marketing Center
Saturday Sale was a Special Cow Sale

Saturday June 10, 2017
Bred Cows: Medium and Large 3-6yrs 2nd-3rd Stage 1115-1365 lbs 1700.00-1800

Monday was the weekly Cow Sale

Monday June 12, 2017
Bred Cows: Medium and Large 2 yrs to short and solid mouth 2nd and 3rd stage 995-1360 lbs 1100.00-1435.00,



Something to Think About

There are 41,000,000 beef cows in the US.
They have lost in value about \$1500 per head.
That is \$61,500,000,000 Dollars

How Manage through a Down Turn

- Understand the Relationships of Classes Livestock
- Look forward at the Relationships not back
- Maintain Inventory
- Build Cash

Walking Prices Down

Year	Transaction	Value	Inventory	Total Cash
2014	Sold 4-5 year old Cow w/ month old Calf		\$2900	\$2900
	Bought/Keep Weaned Heifer Calf 550#	\$1200		- \$1565
	Cost to Carry \$1/Day	\$365		
	Total Costs to make Bred Heifer	\$1565	1 Bred Heifer	+ \$1335
2015	Sold Young Cows & Bred Heifers		\$2200	\$2200
	Bought Weaned Heifer Calf 550#	\$1195		- \$1560
	Cost to Carry \$1/Day	\$365		+ \$640
	Total Cost to make Bred Heifer	\$1560	1 Bred Heifer	\$1975
2016	Sold Bred Heifers		\$1600	\$1600
	Bought Weaned Heifer Calf 550#	\$685		- \$1050
	Cost to Carry	\$365		+ \$550
	Total Cost to make Bred Heifer	\$1050	1 Bred Heifer	\$2525
			Ending Inventory	
			1 Bred Heifer and \$2525 Cash	

Locking Up

Year	Transaction	Value	Calf	Value
2014	5 year Pair	\$2950	2014	\$1400
2018	9 year	\$ 605	2015	\$1300
		\$2345	2016	\$ 605
			2017	\$ 850
			Cost to Carry 4x \$475=	1900
		\$2255		\$2255
		\$2345		
		\$ 90		

The Cow Business-Calf Values

Calf Value 500# @ \$170 = \$850

Age	Inventory Value	Appreciation	Depreciation	Calf Value	% Calf Income To Cover Depreciation
550# Heifer	\$814				
Bred Heifer	\$1775	\$961			
2 Cow	\$1845	\$ 70		\$850	
3 Cow	\$1845			\$850	
4 Cow	\$1853	\$ 8		\$850	
5 Cow	\$1731		\$122	\$728	14.3 %
7 Cow	\$1525		\$206	\$644	24.2 %
8 Cow	\$1366		\$159	\$691	18.9 %
9 Cow	\$1116		\$250	\$600	29.4 %
Cull Cow					
1300# x \$.55=	\$ 715		\$401	\$449	52.8 %

Wallace Dixon 2018

Cow Bell Curve

Bred Cow

\$1853

\$1853-\$814= \$1039

\$1853-\$715= \$1138

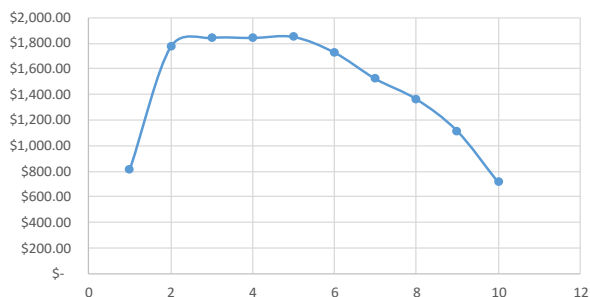
550# Heifer Calf

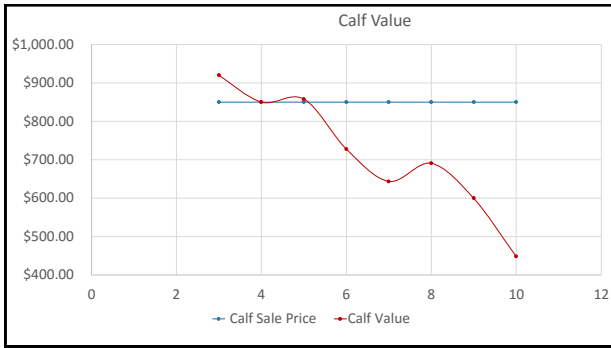
550# \$814

1100# Cull Cow

1300# x \$.55=\$715

Inventory Value





- ### Skin in the Game
- Cows on Shares
 - Share of Calf Crop
 - 2/3 Operator
 - All Costs
 - 1/3 Investor
 - Cows & Bulls
 - Last year return 15% on a \$1600 cow
 - Risk Depreciation
 - Return \$240 - \$206 = \$34

Calf Value of Gain

• Feeder Steers Medium and Large 1

Head	Wt Range	Avg Wt	Price Range	Avg Price	Value of Gain
• 24	351-399	370	182.00-192.00	185.33	• 350 \$1.92 \$672
• 26	400-435	415	180.00-186.50	183.57	• \$72 \$1.44
• 30	457-486	475	171.00-180.50	175.75	• 400 \$1.86 \$744
• 7	506-530	509	170.50-175.50	174.76	• \$66 \$1.32
• 31	551-575	565	150.00-160.00	152.40	• 450 \$1.80 \$810
• 54	600-640	625	134.50-143.00	138.94	• \$65 \$1.30
• 62	650-675	653	132.50-141.50	136.24	• 500 \$1.75 \$875
• 12	703-735	714	120.50-129.00	123.32	• \$22 \$.44
					• 550 \$1.52 \$836
					• 600 \$1.43 \$858

< \$39 > \$.78

Marginal value of bigger calves

2013					
Steers					
Weight (#)	\$/#	\$/hd	Diff/hd	Diff/#	
350 \$	2.58	903		\$ 2.58	
425 \$	2.22	944 \$	40.50	\$ 0.54	
475 \$	2.01	955 \$	11.25	\$ 0.22	
525 \$	1.84	966 \$	11.25	\$ 0.23	
Heifers					
Weight (#)	\$/#	\$/hd	Diff/hd	Diff/#	
350 \$	2.21	774		\$ 2.21	
410 \$	2.01	824 \$	50.60	\$ 0.84	
465 \$	1.85	860 \$	36.15	\$ 0.66	
500 \$	1.76	880 \$	19.75	\$ 0.56	

Marginal value of bigger calves

2014					
Steers					
Weight (#)	\$/#	\$/hd	Diff/hd	Diff/#	
350 \$	4.22	1,477		\$ 4.22	
425 \$	3.84	1,632 \$	155.00	\$ 2.07	
475 \$	3.36	1,596 \$	(36.00)	\$ (0.72)	
510 \$	3.14	1,601 \$	5.40	\$ 0.15	
Heifers					
Weight (#)	\$/#	\$/hd	Diff/hd	Diff/#	
350 \$	4.00	1,400		\$ 4.00	
410 \$	3.33	1,365 \$	(34.70)	\$ (0.58)	
465 \$	2.94	1,367 \$	1.80	\$ 0.03	

Marginal value of bigger calves

2015					
Steers					
Weight (#)	\$/#	\$/hd	Diff/hd	Diff/#	
365 \$	4.05	1,478		\$ 4.05	
440 \$	3.67	1,615 \$	136.55	\$ 1.82	
485 \$	3.15	1,528 \$	(87.05)	\$ (1.93)	
530 \$	2.92	1,548 \$	19.85	\$ 0.44	
Heifers					
Weight (#)	\$/#	\$/hd	Diff/hd	Diff/#	
350 \$	3.76	1,316		\$ 3.76	
420 \$	3.32	1,394 \$	78.40	\$ 1.12	
465 \$	3.10	1,442 \$	47.10	\$ 1.05	
515 \$	2.84	1,463 \$	21.10	\$ 0.42	

Marginal value of bigger calves

2016					
Steers					
Weight (#)	S/#	S/hd	Diff/hd	Diff/#	
375 \$	2.34		878	\$	2.34
425 \$	2.07		880 \$	2.25	\$ 0.04
475 \$	1.96		931 \$	51.25	\$ 1.03
Heifers					
Weight (#)	S/#	S/hd	Diff/hd	Diff/#	
365 \$	2.01		734	\$	2.01
410 \$	1.87		767 \$	33.05	\$ 0.73
465 \$	1.74		809 \$	42.40	\$ 0.77

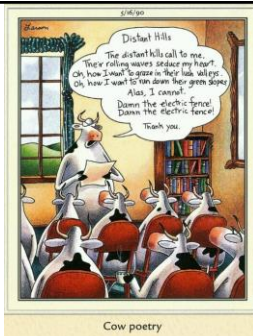
Sure can. Here was the breakdown the day I sold. 5/8/17

New Cambria Sale 4-28-2017

649# @ 1.61	\$1044	\$5	649@\$1.57=\$1018	\$35
579# @ 1.7950	\$1039	\$181	579@\$1.82=\$1053	\$117
488# @ 1.76	\$ 858		488@\$1.92=\$ 936	

If I would have kept them until this week (approx. 80 days). I assume they would have gained between 1.5 and 2.0 lbs per day. I assume on average I would have put 150 lbs on them.

800 # steers this week: \$1.45-1.51	730 # steers this week: \$1.52-1.55
799#@\$1.51=\$1206	729#@\$1.55= \$1130
649@\$1.61=\$1044	579#@\$1.7950= \$1039
Difference \$161	Difference \$91
Value of gain 150#/\$161=\$1.07	Value of Gain 150#/\$91=\$1.60
640 # steers this week: \$1.65-1.72	
638#@\$1.72=\$1079	
488#@\$1.76= \$858	
Difference \$239	Value of Gain \$1.59



Information

- Olson Ranch LLC.com
- Schools
- Cheyenne Wy Sept 11-14
- Claremore Ok Oct 16-19
- Ranch Management Consultants
- School
- Abilene Tx Dec 2-8

Disclaimer

My work is to help people deal with what happens today and to prepare for the future. Ranching is a business with risk. The information, advice and recommendations that I make in my communications are intended to be educational, informative, thought provoking and helpful to all who read and hear what I present. Obviously my advice and recommendations are not guaranteed.