

Brown Cattle Company

A Case Study of a Cow/Calf Business Plan

Jay Parsons, Agricultural Economist



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

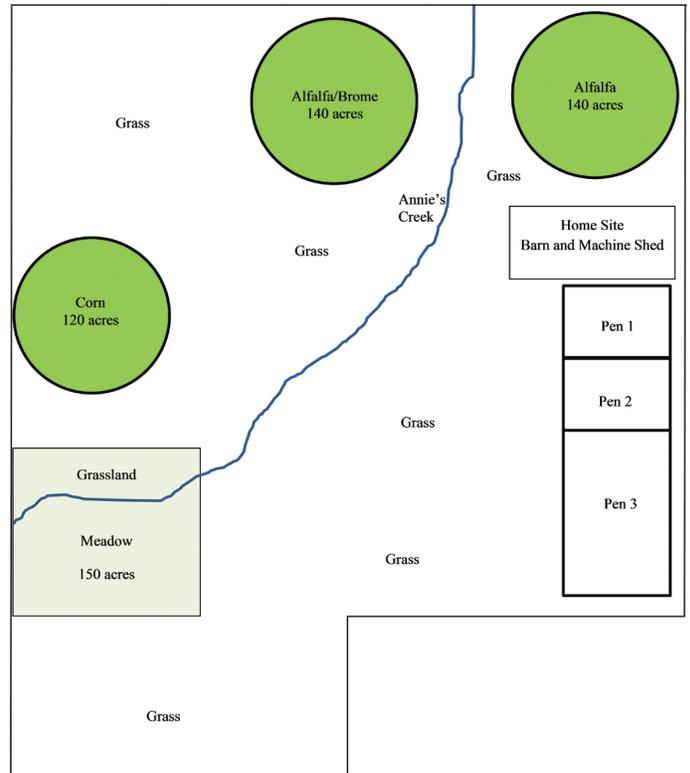


Figure 2.

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.

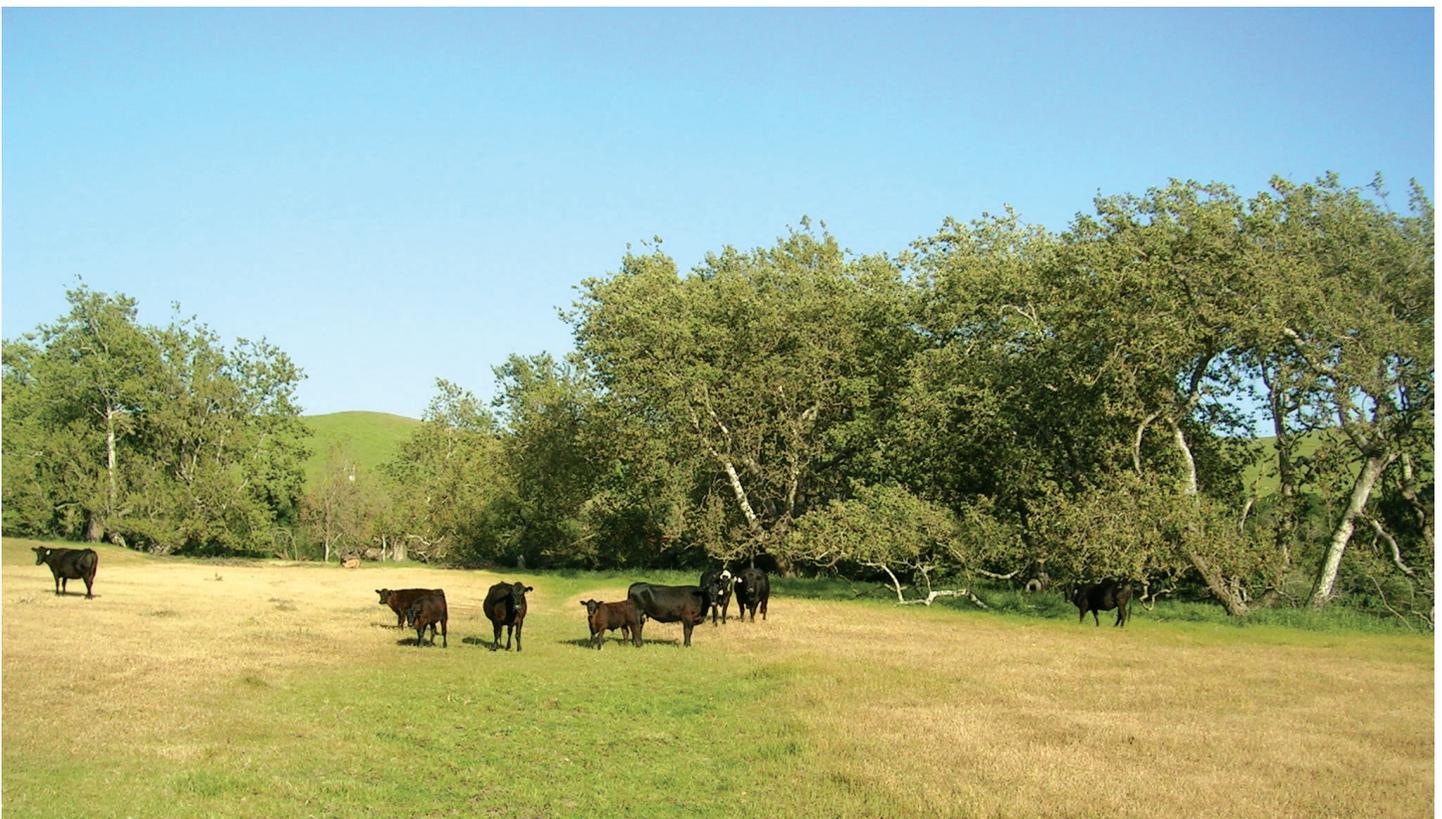


Figure 3

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 |
| Corn: | | | | | |
| 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 |
| Silage: | | | | | |
| 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 |
| Alfalfa: | | | | | |
| 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 |
| Alfalfa/brome: | | | | | |
| 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 |
| Current Farm Assets | | | | | |
| 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 |
| Total Current Assets | \$135,735 | \$180,238 | \$148,655 | \$209,198 | \$273,355 |
| Intermediate Farm Assets | | | | | |
| 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 |
| Total Intermediate Assets | \$288,180 | \$228,265 | \$225,643 | \$211,508 | \$253,464 |
| Long Term Farm Assets | | | | | |
| Land and Improvements | \$1,260,000 | \$1,297,800 | \$1,336,700 | \$1,470,400 | \$1,485,100 |
| Other Long Term Assets | | | | | |
| Total Long Term Assets | \$1,260,000 | \$1,297,800 | \$1,336,700 | \$1,470,400 | \$1,485,100 |
| Total Farm Assets | \$1,683,915 | \$1,706,303 | \$1,710,998 | \$1,891,106 | \$2,011,919 |
| Total Non-farm Assets | \$58,500 | \$52,650 | \$47,385 | \$42,647 | \$45,860 |
| Total Assets | \$1,742,415 | \$1,758,953 | \$1,758,383 | \$1,933,753 | \$2,057,779 |
| Current Farm Liabilities | | | | | |
| 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 |
| Total Current Liabilities | \$81,528 | \$94,447 | \$107,710 | \$135,424 | \$143,965 |
| Intermediate Farm Liabilities | | | | | |
| Intermediate Loans (non-current portion) | | | | | |
| Total Intermediate Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 |
| Long Term Farm Liabilities | | | | | |
| 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 | | | | | |
| Total Long Term Liabilities | \$604,143 | \$563,696 | \$520,297 | \$473,729 | \$423,758 |
| Total Farm Liabilities | \$685,671 | \$658,143 | \$628,008 | \$609,153 | \$567,723 |
| Total Non-Farm Liabilities | | | | | |
| Total Liabilities | \$685,671 | \$658,143 | \$628,008 | \$609,153 | \$567,723 |
| Total Equity | \$1,056,744 | \$1,100,810 | \$1,130,375 | \$1,324,600 | \$1,490,056 |

Income and Expenses Trends

| Income | | | | | |
|---------------------------------------|------------------|------------------|-------------------|------------------|------------------|
| Production Income | 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 |
| Total Gross Income | \$275,592 | \$313,168 | \$247,161 | \$327,408 | \$358,409 |
| Expenses | | | | | |
| Production Expenses | 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 |
| Interest | | | | | |
| 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 | | | | | |
| Rent or lease | | | | | |
| 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 |
| Other expenses (specify): | | | | | |
| Accounting | \$592 | \$617 | \$643 | \$673 | \$702 |
| Total Expenses | \$250,983 | \$304,273 | \$257,765 | \$267,065 | \$305,359 |
| NET INCOME | \$24,610 | \$8,894 | (\$10,605) | \$60,343 | \$53,050 |

Liquidity and Solvency Measures

LIQUIDITY MEASURES

| | | | | | |
|------------------|----------------------|---|--------------------------------|---|------|
| 1. CURENT ASSETS | TOTAL CURRENT ASSETS | | TOTAL CURRENT LIABIL- ITIES | | |
| | \$273,355 | / | \$143,965 | = | 1.90 |

| | | | | | |
|--------------------|----------------------|---|-------------------------------|---|-----------|
| 2. WORKING CAPITAL | TOTAL CURRENT ASSETS | | TOTAL CURENT LIABIL- ITIES | | |
| | \$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.