



# Nontraditional

**Colorado's Pharo Cattle Co. is showing that the path to profits may be a nontraditional route.**

It's hard for the uninitiated to imagine, but there is more to Colorado than Pike's Peak, ski resorts and fly fishing. For instance, on the central high plains of eastern Colorado there's a cattleman who wants 10% of his cows to come up open annually and who actually prefers lighter weaning weights to heavier ones.

Meet Kit Pharo. He and his wife, Deanna, own and operate Pharo Cattle Co., located 8 miles north of Cheyenne Wells, Colo., or 170 miles southeast of Denver, and 200 miles northwest of Dodge City, Kan.

"We aren't the part of Colorado you think of when

you think of Colorado," Pharo says, noting the rolling prairie, short grass and unpredictable rainfall.

The couple operates commercial and registered cow herds consisting of Angus, Red Angus, Tarentaise and composites.

Pharo doesn't cling to tradition; his main focus is profitability.

"Since our ranch provides our only source of income, our ranching practices must be both sustainable and profitable," he says. "And since we are in the cow business to make a profit, I believe we should have an economic reason for doing the



BY COLETTE KNUTSON GJERMUNDSON

**Kit and Deanna Pharo own and operate Pharo Cattle Co., located 8 miles north of Cheyenne Wells, Colo.**

CONTINUED ON PAGE 314

things we do. I'm afraid too many ranchers are on the verge of going broke because they continue to follow traditions that don't make sense."

#### ■ Managing forage resources

Pharo says profitable ranchers strive to make the most efficient use of their ranches' forage resources. Often that means utilizing management-intensive grazing, which involves putting cattle in one large herd and rotating them through a series of smaller pastures called paddocks. It mimics the way large bison herds once grazed North American prairies.

Pharo's grazing system consists of 16 paddocks. Cattle must be moved before they have opportunity to graze any plants a second time. The basic rule of thumb is to move cattle fast when the grass is growing fast and slow when the grass is growing slow. In a typical year each paddock is grazed

three times for a total of 20 days and rested for 345 days. This system allows the Pharos to run more cattle on the same acres for a longer time period.

Profitable ranchers also match their cattle's production cycle to their forage resources.

"We should look to nature to determine the best time to calve," Pharo says. "When do deer, antelope and buffalo have their babies? Late spring and early summer. Why? Because that's the only time of year there are sufficient forage resources to produce adequate milk and breed back. ... If you don't have a good, economic reason for turning your bulls out when you do, I challenge you to follow nature's example."

"I know producers who are

saving thousands of dollars after making this simple change," Pharo says. "One ranch went from calving in March to calving in May and reduced their feed expenses by a whopping 75%."

Earlier weaning also can increase profit, he says. "When the forage resources on my ranch no longer meet the nutritional requirements of a lactating cow, it's time to wean calves. If I have to supplemental

my forage resources and will continue to be profitable year after year," he says. "In fact, I believe this type of cow will match the forage resources on most ranches."

Their herd averages for heifer and bull calves combined are:

Birth weight	71 lb.
Adjusted weaning wt.	570 lb.
Cow weight	1,060 lb.

with birth weights and, most importantly, net profits decrease.

"There are several ranchers who have figured out how to be profitable — even when most are losing money," he says.

"These ranchers may utilize a variety of techniques to stay profitable, but none are still calving out 1,400-pound cows in February."

Pharo's cattle run on short native grass year-round with little feed supplement. "We let the environment sort out the good ones while we show absolutely no sympathy for open, late or dry cows,"

he says. "We don't pamper our cattle, and we don't give them any second chances."

Supporting that statement he says, "In our herd, if we get a pregnancy rate over 90%, we figure we either understocked our grass or overfed our cows. To make real genetic improvement some cows need to fall out of the program."

On the replacement-heifer side of the coin, Pharo believes successful and profitable production requires using the right bulls, working with nature and spending less money on feed.

"Rather than place them in a growing lot and hauling expensive feed to them, we treat our heifers like the cows we hope they will become," he says. "They need to be out foraging for themselves with a minimum of supplements."

The Pharos calve their heifers on native range, along with the cow herd. "We have no regrets and would never consider going back to the traditional way of calving heifers in a corral. In addition to reducing our labor and feed expenses,



PHOTOS COURTESY KIT PHARO

With cows averaging 1,060 lb., Pharo Cattle Co.'s calves average 71 lb. when they're born and 570 lb. when they're weaned (bulls and heifers combined).

feed, it's much more cost-effective to put my feed dollars directly into a calf than to run them through its mother first. When we invest feed dollars in a cow, we seldom — if ever — receive a return on investment."

#### ■ Attention to cow size

Simply put, Pharo says, "We need cows that can survive on what our ranch produces with minimum or no inputs." Pharo Cattle Co. produces cows with easy-fleshing ability, 4.0 to 5.5 frame scores, mature weights of 1,000-1,150 pounds (lb.), and a lot of volume and capacity.

"This type of cow matches

"We've been able to maintain satisfactory growth and performance without sacrificing birth weight or cow size. We want those 1,000-pound cows that can wean half their body weight without much feed."

In the past nine years Pharo's sale bulls have averaged a 4.9 frame score. "We maintain [that] the only difference between a frame 5 and a frame 6 is a couple of inches between the ground and the belly, which has absolutely no value," he says.

Once a producer goes beyond optimum production, feed costs increase along with cow size, calving problems increase along

we have much healthier calves, and our heifers are making much better mothers." Pharo says most ranchers don't calve their heifers in natural surroundings because they haven't placed enough emphasis on calving ease.

#### ■ Producing conditioned seedstock

The Pharos host an annual bull sale each April. In the offering are Angus, Red Angus, Tarentaise and composite yearlings and 2-year-old forage-tested bulls. Their 1999 sale featured 90 bulls.

Yearling bulls are fed to gain only 2.5-3 lb./day with access to a 115-acre trap for exercise and play.

"We believe if young bulls are fed any harder than that, it negatively affects their fertility, longevity and soundness," he explains. They stop feeding their bulls 40 days before their sale. Says Pharo, "We expect them to gain weight during their first breeding season."

Forage-tested bulls further challenge Pharo genetics. "At weaning we sort off our youngest bull calves to go into the program," he says. The bulls are never shut up and are roughed through the winter on dry grass with a limited amount of protein supplement. In May they begin a 100- to 130-day grass forage test. They are roughed through another winter, then sold with the yearling bulls.

"We hope to market more and more bulls through this forage program because we believe it is the best way to performance test our genetics." Since these bulls haven't been confined or fed a high-concentrate ration, they are healthier and have better feet and legs, he says.

"Bulls that perform well in a forage test should sire cattle that



This 18-month-old forage-tested bull never has been shut in a corral or fed grain. The Pharos hope to market more bulls through their forage program, believing it to be the best way to performance test their genetics.

are also efficient foragers," notes Pharo.

The Pharos' marketing program continues to grow, and they began sponsoring a Pharo-Influence Female Sale in 1998. Held in February, it offers bred heifers and open yearlings carrying Pharo genetics.

#### ■ Business management

While easy-keeping cows and low feed inputs are keys to probable success, Pharo says management is also a major part of the equation.

"Ranchers and farmers are dedicated, hard workers, but they work like hired men and

get paid like hired men because they don't spend enough time managing," he says. "Before you'll get paid like a manager, you gotta get off the horse or tractor long enough to work on management."

That includes reviewing a business plan, setting goals, developing marketing strategies, establishing a budget, analyzing financial and production records, catching up on business-related reading, and taking opportunities to attend educational seminars or field days.

Pharo says, "Securing a competitive edge almost always

involves at least some nontraditional thinking. Don't be afraid to challenge and change traditions, and don't allow peer pressure to keep you from being more profitable."

#### ■ Nontraditional marketing methods

Back in 1994 Pharo found himself with ideas he needed to share. "I wrote a few articles stating what I really wanted to say and sent them to 50 or 100 people on my mailing list," he says. "I got so many good comments, it became something I had to do."

Now he writes and publishes a newsletter six times per year. It's mailed to nearly 7,000 recipients, 95% of whom are cow-calf producers. The remaining 5% are county agents, university professors and veterinarians. It is widely read in the central and Western states, as well as being sent to both coasts, Canada and Australia.

"To be honest with you, it's made our business," Pharo says. "Our program differs so much

**"Our program differs so much from any other seedstock program, we have to sell philosophies and ideas before we can sell a bull."**

CONTINUED ON PAGE 316

from any other seedstock program, we have to sell philosophies and ideas before we can sell a bull."

Pharo's newsletter is mainly educational. "I don't want the newsletter to appear as only hype to sell my program," he says. "Ultimately I have to promote my own program to stay in business, but I want it to do more. I want it to challenge people to think outside of the box. Even if they're not at all interested in my bulls, I still want readers to enjoy the newsletter."

Each issue is typically eight pages and features Pharo's ranching philosophies, seedstock updates, thought-provoking tidbits and "Cowboy Logic," such as "A cow chip is paradise for a fly" or "When you find yourself in a hole, the first thing to do is stop digging."

Sometimes it also includes articles on politics or religion. "I don't think that's bad," he says. "That's part of me, and I don't mind sharing it." It also includes advertising sponsors — national companies that defray up to 50% of the cost.

"Sometimes I wonder if I'm a publisher or a rancher," he says. "I tell people it's a good thing my cows don't require any special care because I don't have time to take care of the cows and put out that newsletter."

"I'm not trained to be a writer, but I think God provided the talent, and I've learned how to use it," Pharo says. Because of what he writes and how he writes, he has created a family atmosphere with thousands of readers. He adds, "When they call me, I don't know them, but they feel like they already know me."

Outside the newsletter, the Pharos spend less than \$500 annually on advertising. "You won't find our ads in every magazine out there," he says. "I

**July/August 1998  
NEWSLETTER**

**PHARO CATTLE COMPANY**  
CIMARRON VALLEY, COLORADO



**Who Is Taking Care Of Management?**

Often farmers and ranchers get so caught up in their daily chores that they neglect the overall management of their operation. We are so busy trying to get our work done that we don't have any time left for management. It seems that there just aren't enough hours in the day. I have finally concluded that focus is the key to the problem. The real problem is at the way I view my work. As farmers and ranchers we have a tendency to feel like we are slacking off if we are not outside physically accomplishing something. We've been programmed to believe that our job only involves manual labor. Several of you will get embarrassed if a neighbor happens to catch you in the house after 7:30 in the morning...if you are always outside working, who is taking care of management?

Management is the key to success in any business, and it's time for us to start treating our farm or ranch as a business...I know of several very hard working people that are just barely making ends meet because they have neglected to manage their farm or ranch as a business. Success involves more than just hard work.

**Are you working for minimum wages?** In the May 1998 issue of *The Stockman Grassfarmer*, Allen Nation really challenged my thinking. He said, "The primary constraint to the growth of your farm or ranch is your time...Therefore, what you spend your time doing is important...The heavy hand of economic competition will not allow you to pay yourself more than minimum wages for a minimum wage job." It doesn't matter that you own the ranch, working work can only earn cowboy pay. The same is true for driving tractors, buying hay, milking cows and a myriad of other minimum wage work? Allen continues by saying, "The reason most farmers are poor is because their vision of their job is to do low-skilled, minimum wage work rather than to learn higher value management skills."

**Time for management.** I realize that most of us will always have to do some minimum wage work, but we need to start viewing our business as more than this...We need to start allocating sufficient time for management. I've found that early morning usually works best for me because my mind is fresh and sharp...sometimes I may spend most of the day in my office...There was a time where I felt guilty doing this, but no more...The time I invest in management has a much greater payoff than anything else I do.

Management time can be used to accomplish many different things...This might include reviewing your business plan, setting goals, developing new marketing strategies, establishing a budget, analyzing financial and production records, and catching up on some business-related reading...I would also strongly urge you to look for opportunities to get away to some seminars or field days...Getting away will usually help you to refresh and be more productive when you return.

**Effective management.** Stan Parsons has used a handbook in his Ranching For Profit School that distinguishes an efficient manager from an effective manager. This is what his handbook looks like:

Efficient Manager	Effective Manager
Do things right often	Do the right things
Inefficient resources often there	Better utilize resources
Get things done earlier than	Hand ahead
Look from outside their	Obtain results
Put out front, rather than	Produce the maximum profit

Although an efficient manager may do what he does quite well, he will never achieve the same level of success obtained by an effective manager. Effective managers take time out for planning.

— Kit Pharo

◆ Failing to Plan is the same as Planning to Fail ◆

Pharo's main market venue is a newsletter that he writes and publishes six times per year. It's mailed to nearly 7,000 recipients, 95% of whom are cow-calf producers. Each issue features Pharo's ranching philosophies, seedstock updates, thought-provoking tidbits and cowboy logic.

don't feel bad about that because we're laying it in the hands of some of the same people. We get a percentage of new customers every year who show up just to see what is going on."

#### ■ Sharing the bull

In addition to the newsletter, Pharo participates in Bull Sessions — informal, monthly gatherings of 10-20 area ranchers who discuss common-sense strategies.

"The nucleus of this group thinks almost exactly like I do," he says. "On your own, it's hard to go against the grain; but with a group we challenge and

encourage one another." The group's combined knowledge is impressive, but, Pharo says, "We're not going to claim too much wisdom because it's basic common sense. None of us invented it; we've just learned to observe it."

Chip Hines, Kit Carson, Colo., is a commercial producer and one of Pharo's customers who participates in the Bull Sessions. Describing Pharo, he says, "Kit doesn't deviate from what he says he will do, and that commitment and honesty has helped make his program." For example, "He raises most of his cows but buys a few. He had purchased a cow for \$2,000 —

but sold it this past fall because it came in open. If cows don't fit his exact criteria, they go down the road."

Hines adds, "He has a lot of consistency and uniformity in his cow herd, something a lot of people say can't be done. He puts more environmental stress on his cows than almost any other seedstock producer. In that way he improves the cow herds his bulls go into."

**Bobby Rhoades, Rhoades Bros. Ranch, Burlington, Colo.,** also attends Bull Sessions, runs 40 Pharo cows on a shares basis and manages Pharo's forage-tested bulls.

"Kit is very strong in his beliefs and very particular about how things should be done, but he's very fair and very knowledgeable," Rhoades says. "If I have a question and he's not sure of the answer, he'll tell me he doesn't know, but the next time I see him he has the answer. Another thing I like about Kit is he makes me feel that I'm very important to him and his operation."

#### ■ A Pharo focus

Though few cattle producers are profitable every year, that is Kit Pharo's focus. "If we are going to survive in this business, we need cows that are profitable 10 out of 10 years," he says.

Pharo Cattle Co. profit is attained through moderately sized cows, low feed inputs and nontraditional thinking.

"People have a hard time understanding how I can still be in the house at noon — and not even have my boots on yet," he says. "I used to get embarrassed about that, but not anymore. I've created a ranch that allows me to do things I want to do. To me, when you can stay in the house until noon and everything keeps going, that's when you've got it figured out."

