

Young adults must contend with several obstacles when trying to return to production agriculture. However, there are incentives, many of which have been captured by juniors themselves in the photographs submitted for the 2001 NJAA/Angus Journal photo contest.

Junior members entered 160 photographs in this year's contest. The photos were evaluated on composition, technical quality and the central Angus theme of the photograph.

Serving as judges were Angie Denton, Angus Productions Inc. (API) director of Web marketing; Susan Rhode, American Angus Association director of communications and public relations; and Steve Suther, Certified Angus Beef LLC (CAB) director of industry information.

Shown on the following pages are the winners of each age division and category.



All the photos entered in the 2001 NJAA/Angus Journal photo contest were displayed at the National Junior Angus Show in Denver, Colo. cb

## Cowboy Dreams

Ready to jump into the cattle business?  
You may want to think it over first.

by Eric Grant

**B**eing involved in the Nation7al Junior Angus Association (NJAA) can go a long way in preparing you for the cattle business. Membership equips you with leadership skills, information, networking opportunities and information — all the things you need to someday own and operate your own seedstock operation.

One of the key lessons every junior learns — from participating in NJAA to watching parents firsthand — is that making a living by raising cattle can be a challenging task. It's especially difficult for young people to get into the business, considering the initial investment costs.

But it is possible.

Both Ernie Davis and Wayne Hayenga, agricultural economists with Texas A&M University, see opportunities and pitfalls for aspiring junior cattle producers. Both are extensively involved in the business side of agriculture, as well as the day-to-day instruction of college-aged kids who someday want to return to the farm or ranch.

They offer the following suggestions to youth.

### Be sure

*Ask yourself if this really is what you want to do.* Unlike most professions these days, farming or ranching is normally a lifetime commitment. Raising cattle is also a seven-day-a-week proposition, which requires someone be present on the farm to feed, raise feed or watch over the cows during calving.

Off-farm career paths often provide more flexibility than ranching. They can take you many more places, allow you to switch jobs and work settings more frequently, and pay more money. If you're considering taking a job in town, do it while you're young and still have the flexibility to do so. Many of the skills you'll learn — everything from management to accounting to marketing — can benefit you later if you decide to return to the ranch.

When you do come back, remember that there's never a lot of cash in agriculture. Most operators make their money long-term by owning land and letting its value appreciate over time.

"If you look at the average farm or ranch, they're really not very profitable," Hayenga says. "Nobody thinks they'll be average when they return to ranching; they think they'll be good. Ag business is generally low-income, unless you have a very specialized commodity to produce and sell."

## Costly venture

*Do you realize how much it will take to buy a ranch?* Purchasing a viable ranching operation is probably more difficult than most aspiring cattle producers realize. It simply takes too much capital to buy the necessary land and equipment — and to hire the help — to keep an operation viable for the long term.

“A kid just starting out almost has to have a sugar daddy, someone to work with him, to help them start out small and get big as fast as they can,” Hayenga says. “That doesn’t happen very often.”

In most places across the country, a ranch’s land value is much higher than its production value, which means if you buy it, cattle probably won’t earn you enough to recover the price you paid for it — even under the best of conditions.

Equipment costs — for everything from pickup trucks to tractors to chutes — continue to increase every year, while the prices you receive for cattle won’t keep pace with inflation over the long term. In other words, raising cattle over the period of a decade or so is a losing proposition, unless you increase the size of your herd, increase the land you own or lease, and become much more efficient.

“The average kid with an ag economics degree can land a job right out of college for about \$40,000 a year,” Davis adds. “Our Standardized Performance Analysis (SPA) data show that the average return per cow is about \$40. Using this logic, for them to equal the money they’d be making at an off-farm job, they’d have to have 1,000 cows and 7,000 acres of land. To get to that level of production, you’re talking about an initial investment of \$5 million to \$8 million.”

## Leasing option

*Have you considered leasing?* Leasing ground and cattle may be one of the most viable methods for a young person to get started in the cattle business. Leasing, or renting, means you won’t need as much startup capital to buy land and cattle. Many feedlots lease cattle to stockers, who grow cattle on grass until they’re ready to be placed on feed.

Some of the larger, more successful seedstock and commercial operations also lease cows to other operations. This is a win-win situation for both the lessor and the lessee because the owner of the cattle expands without buying more land, and the lessee gains cattle without the initial investment.

Consider, too, that many of the operators who own land are getting older. Nationwide, the average beef producer is approaching 60 years of age. This means there’s opportunity for young people because, as the older generation wants to slow down and to travel, they may not necessarily want to sell their land or cattle. A hard-working and conscientious young person willing to lease these assets may be an attractive alternative for elders in the community.

Keep in mind, though, in many leasing arrangements, you still may need to invest in equipment for your business. Investments might include trucks, tractors, handling facilities, fencing materials and animal health products, Davis says.

Leasing also means you’ll lose some of your independence because you’ll be working for someone

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## JUNIOR DIVISION Animals



*Whazzzzzz Up?*  
Britney Creamer, Montrose, Colo.



*Put Me In, Coach*  
Kody Cassady, Mahomet, Ill.



*Just Chillin'*  
Callie Smith, Lebanon, Tenn.



*Winter in Texas*  
Gretchen Ettredge, Pilot Point, Texas

**JUNIOR DIVISION  
Landscape**



*Friendship's  
Tree*  
Jill Jagers,  
Sulphur Bluff, Texas

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else, not just yourself. "In this arrangement, somebody will probably dictate what genetics you use or what kind of management you use," Davis says.

**Family opportunity**

*Are there really opportunities with the family?* Most young producers these days who wind up owning their own land and cattle usually acquire those assets from their parents or grandparents. In most cases, they return to the farm or ranch after a few years of being off the farm, either at college or at another job. When they return home, the ideal "career track" for them is to gradually work their way into greater responsibility until they finally take over the operation from their parents.

While this is the most successful method for entering the cattle business, it does have its pitfalls, too. In fact, the road for many family operations is littered with as many failures as success stories, if not more. Young producers need to be aware that the personal side of ranching can create just as many problems as the professional side.

First, ask yourself if you really want to work with your parents. If your dad was hardheaded and tough to get along with when you were young, he'll probably be just as tough and as hard to get along with when you work for him. If your mom likes to meddle, it may be difficult for your spouse to live on or near the ranch. If your brothers and sisters all are interested in eventually owning or operating the ranch, there may not be enough income to support all the different families.

Second, do extensive business planning — well before you return to the ranch.

"Agriculture is a low-margin proposition, so you'd better make sure you know the business side of it," Davis says. "You need to have a handle on marketing concepts, and you need to have a complete business plan. Don't even get started until you've developed a business plan because it will open your eyes a whole bunch as to just how tough making a living at this is."

As part of your business planning, keep in mind that production agriculture isn't going to get any easier in the future. In fact, for a family operation to survive, it will have to produce more for less. That means your operation will have to increase production every year, while cutting costs at the same time. The trend — which has happened since the beginning of agriculture centuries ago — toward bigger output and increased efficiency is the single most-important thing you need to know about making a living in agriculture.

"Today, one cowboy can take care of 1,500 head of cattle," Hayenga says. "My rancher

friends used to say you could stay pretty busy with 250 head, but with 400 head, you needed some part-time help. That's not true anymore."

Third, take time with your family to spell out the roles, goals and responsibilities of everyone involved in the operation. More times than not, no one knows what they're expected to do, which often can create tension and resentment among family members.

Create a forum for family members to meet and to discuss issues with each other as a means of addressing problems or concerns. One of the biggest problems for ranching and farming families is a failure to communicate.

"I look at it as a chain," Hayenga says. "Anytime you have a weak link, it will not work. Sometimes what causes a breakdown on a family operation is that there's simply not enough income to support two families. Sometimes it's differences in management style — the dad has had it his way forever, and he's simply too difficult to get along with now.

"Sometimes it's the dynamics of two families. Many kids go off to college and find a spouse who doesn't have the [same] heritage or values as the family does. Sometimes this new spouse doesn't like living in small-town Kansas or Texas and may not want to put up with the modest income from a farm or ranch. It can all add up to resentment and cause turmoil for a family trying to make a living."

Fourth, plan for the future. Eventually, all ranching families are faced with the death of the parents. But, oftentimes, families do little estate planning to ensure a successful transition from one generation to the next. This can be especially traumatic for kids who've returned to the ranch and wish to continue operating it.

"If you have three kids, and the parents want to be fair to all three of them, estate planning gets really complicated," Hayenga says. "If you have one child who's interested in raising cattle and staying on the farm, and the other two who no longer have an interest in cattle, splitting the real property three ways sometimes causes a real burden on the kid who wants to stay on the ranch."

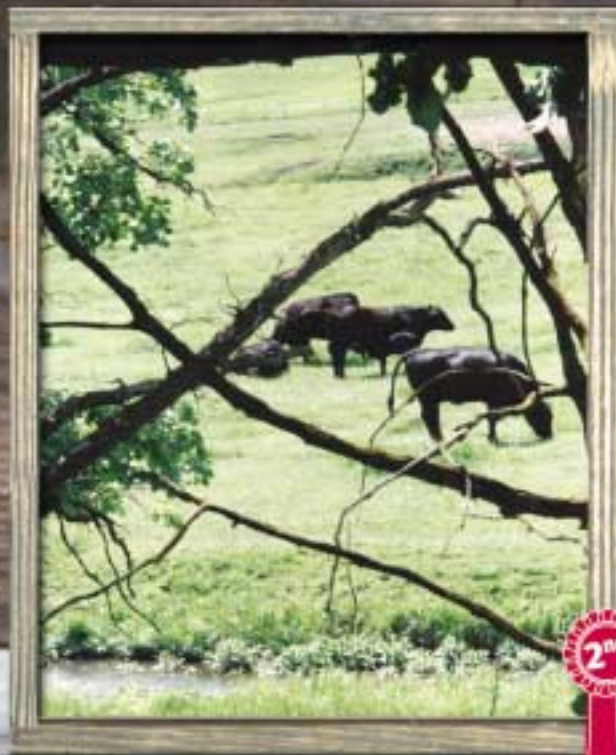
Estate planning should begin early, about the time the young adult returns to the ranch. Trouble is, most families — and especially the young adult — don't worry too much about this until it's too late. Poor estate planning can result in family squabbles over assets and terrific inheritance-tax burdens on survivors. Both of these things can convert a viable operation into a burden.

Take time to address estate-planning matters with your parents. Meet with an attorney and an accountant to begin working through some of these matters now. Plan for the future today, and it will pay big dividends to you in the future.

### Changing times

*Are you afraid of change?* If you're returning to the ranch to do things the same way that your folks did,

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*Lazy Angus Valley*  
Courtney Jentz, Fennimore, Wis.  
Tied for second place



*Cows in the Fog*  
Shane Clary, Brodnax, Va.  
Tied for second place



*Peek-A-Boo, I See You!*  
Jade Vaught, Horatio, Ark.



*Bright Evening*  
Josh Luetge, Brenham, Texas



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you'd better forget about it. "Most businesses fail because they continue to do the same things now that they were doing 20 years ago," Hayenga says. "Just because Dad did things a certain way, doesn't mean it's the best thing to do today."

Hayenga relates this story: "I had a former student drop by the other day. His father had a very successful cow-calf ranch. His father bought a new Buick, motor home — you name it — every other year. But that was in the 1960s, and his peers considered him a very successful rancher. By the early 1980s, his dad had gotten to be 65 years old. He became ill, the operation sorta fell apart, and he died last year.

"So the kid inherited the ranch, and now he wants to put the operation back to where it was when his dad was in good health," Hayenga continues. "But now he's finding out that he can't afford to run it in the same way his dad did. His dad was selling calves for about the same price in the 1960s that the son is selling calves for today. Trouble is, all the costs of production have gone up since then."

At one time, Dad did all the work himself. He welded whatever he needed and maintained the equipment without outside help. But the kid doesn't have those skills, so he has to hire that out. As a result, maintenance costs have gone up. The economics have changed."

**Find your opportunity**

For these reasons, Hayenga says, young producers must look beyond being just cattle managers; they must become asset managers. In other words, don't limit your opportunities to agricultural production. Look for other ways, in addition to cattle, that can put money in the bank and help keep your cattle operation in a profitable position.

On almost every ranch, for instance, there are often overlooked assets that can help operations derive income: hunting, fishing, bird-watching, boating, camping — you name it.

"It's always been tough to get into production agriculture," Hayenga says.

But if you're willing to change and to see opportunities where you least expect them, the road to your dreams is within reach.

