



Angus Stakes

► by *Shauna Rose Hermel*, editor

Is there an easier way to make a living?

On page 199, junior member Jesse Faber of Sublette, Ill., poses the question, "Is coming back to production agriculture a pipe dream?" It's a question that a lot of our National Junior Angus Association (NJAA) members are asking. And it's one in which we have a vested interest in finding ways to turn dreams into realities.

Flawed logic

When my brother was attending the university, many of his professors tried to persuade him not to return to the farm and production agriculture. Why would a bright young man, soon to be married, want to go back to the farm when there were so many opportunities out there to make more money with less risk and a much easier lifestyle?

I don't follow their logic. We need the brightest young minds returning to production agriculture. The future of those of us who decided to pursue a job elsewhere in the ag sector depends on it.

After all, to whom are those tenured professors going to teach animal science if my brother and his classmates exit the industry and their children don't have a connection to agriculture? In what college will they be enrolling? Will they even consider a college of agriculture?

What industry is safer?

There's no doubt, there were a lot of opportunities in agribusiness at that time, especially for ag sales. But a lot of the companies that were hiring 10-15 years ago,

either aren't around any more or are now part of a larger entity.

Agribusiness depends on production agriculture. If there are fewer farmers, you don't need as many feed salesmen or pharmaceutical representatives or ag lenders or ag marketers or magazine writers.

There still are a lot of opportunities in ag business, but to shift into ag business to find job security is at best delaying the hurt. It's sort of like moving to the high side of a sinking ship rather than patching the hole.

We need those bright minds back in production agriculture to fix the holes and make the production sector viable.

Show me the money

We have seen a lot of producers exit the business in the last 30 years. In fact, we've lost nearly half of our producers. Why?

At the Beef Improvement Federation meeting, South Dakota State University's Barry Dunn said it was primarily due to the the industry's low (2%-3%) average return on assets (ROA). Meanwhile, U.S. businesses averaged 10%.

Those are the figures we tend to fixate on, and it becomes pretty hard to entice the

younger generation to return to agriculture for that kind of future. BUT ...

To me, the striking figure Dunn presented was that the top 16% "high-profit" herds averaged an ROA of 18.2%. And, he said, these operations aren't stealing from equity to look profitable; they are sustainable operations that have found ways to get a higher return. It's not just one or two operations, and they aren't necessarily bigger (for more, see Dunn's symposium paper on www.BIFconference.com).

It may take a new approach

We need to quell the cynism in agriculture. As Dunn points out, there is money to be made in the cattle business. Let's start talking about that. Let's tell our bankers that. Let's tell our youth that.

Cattle may not make a profit every year. We don't expect every stock in our portfolio to make money every year. But you can plan for the cattle cycle. You can diversify. There are ways to market more profitably and to spend more wisely.

There is risk. But you don't avoid risk by moving to a different career field. Just ask a former Enron employee.

It's a different world than it was 20 years ago. There's different technology available. Let's start asking questions about why we do things the way we do? Let's start looking at strategies that will give the next generation a chance to make their dreams reality.

We need to encourage those bright minds to stay in production agriculture, to use their fresh mindsets to discover opportunities we can't see yet. If there is no future in production agriculture, what can there be a future in?

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