Making Lemons Into Lemonade

Instead of losing heart when environmentalists demanded they revise their feedyard, the Petsch family seized an opportunity to expand with environmental approval.

BY COLETTE KNUTSON GJERMUNDSON

Fred B. Petsch, the first boy in a family of 14 children, was born in east-central Nebraska in 1894. Although his education ended after the third grade, Petsch grew up to operate a livery stable and gas station. As livery business gave way to automobiles, Fred turned what could have been lemons into lemonade. He learned to auctioneer and began holding Saturday auctions at his stable.

"From that he built a reputation for honesty and integrity," says his grandson Irvin J. Petsch ("Irv"), Meriden, Wyo. "If two guys seemed to be taking the same bid, he made sure it was set right."

Fred was involved in building the first livestock sale barn in western Nebraska at Scottsbluff. He later built two sale barns in Torrington, Wyo. In 1935 he purchased a southeastern Wyoming ranch along Horse Creek and north of Roundtop Mountain.

Fred's son, Irvin W. ("Irvin"), was born in Mitchell, Neb., in 1917. Irvin later ran the

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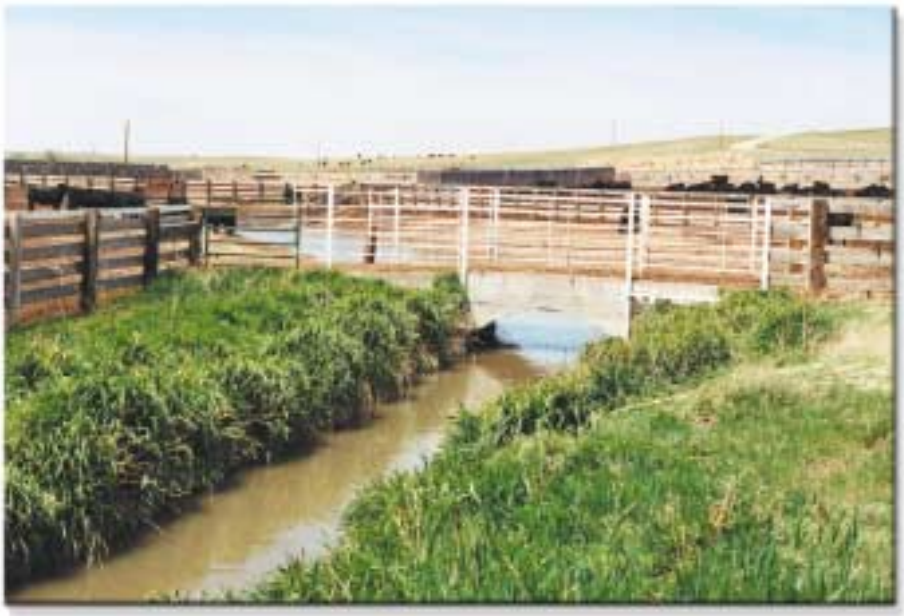
Irv J. Petsch (left) is a third-generation rancher in southeastern Wyoming. His nephews, Rowdy and David (back), and his sons, Trevor and Brady (front), are fourth-generation principle partners.

ranch with his father. He had two sons, Fred L., born in 1936, and Irv, born in 1950.

"He and my mother married and moved to this ranch when they were both 18 years old," Irv says. "My father worked really, really hard. His whole ambition in life was to make sure this ranch ran well, and he did whatever it took to do it."

In 1950 Fred Sr. and Irvin built a feedlot on their ranch. With plenty of trees for natural cover and a water table just 10 feet below the surface, it was an ideal location. They fed 1,500 cattle annually. After Fred Sr. died in 1967, Irvin and his sons continued to use the feedlot.

On July 1, 1984, Irvin died. One year later Fred L. died unexpectedly. That left Irv to run the huge, diverse operation with his sons, Trevor and Brady, and Fred L.'s son, David. The younger generation was attending school but remained involved in the family operation. Fred L.'s older son, Rowdy, lived away from home at the time.



Because of plenty of natural cover and a shallow water table, the Petschs' original feedlot was built on the banks of Horse Creek in 1950. After enduring some environmental pressures in 1996, they moved and expanded their feedlot.

The Petschs have planted 5,000 trees in four different windbreaks. This is their largest windbreak—1,500 trees in five rows splitting a large hay meadow used for winter pasture.

Environmental awareness

Fast-forward to April 1996. Numerous farmers and ranchers along 20 miles of Horse Creek, extending north from Petsch Ranches Inc., were irrigating and fertilizing their grazing meadows.

"On a Friday afternoon we received an inch of rain and hail throughout the area," Irv recalls. "The next day a fisherman was fishing about 4 miles downstream from our feedlot and found a couple of small, dead trout. He took them to the Wyoming Game and Fish Commission (WGFC).

"The next day, which was a Sunday, a guy from the WGFC went to that area and found two more dead fish for a total of four dead fish. He stopped by and wanted to look through our feedlot. I showed him where the creek goes through our feedlot and where fish swim right below the feedlot. He said, 'Well, we've got a fish kill here, and I think this feedlot is probably the cause.'"

Irv continues, "My opinion was — and is — that the hard rain and hail washed a lot of chemical fertilizer from meadows into the creek."

The feedlot was emptied and cleaned out for the season. The WGFC employee said he'd necropsy the fish at a lab in Laramie, Wyo., then contact Irv.

"He got back to Laramie the next morning and fired off a memo to the Department of Environmental Quality (DEQ) that there had been a major fish kill on Horse Creek and the perpetrator had to be Petsch's confined feeding system," Irv recalls.

Consequently, the Wyoming DEQ arrived for a visit. "They worked with us," Irv says. The DEQ didn't think the feedlot caused the fish kill, either, but written rules state a feedlot needs to be a certain distance from a stream, and the feedlot didn't meet the requirements.

"There are some really picky laws," Irv says. "In fact, word around the state is that there really isn't a livestock-production operation or ranch in Wyoming that can totally comply with the rules."

The Petschs considered bringing the old feedlot into compliance, but tremendous cost and the resulting decrease in pen space squelched the idea. "It looked like throwing good money after bad money," Irv says. "We

agreed to move the feedlot, and they allowed us three years to get our act together."

New feedlot plan

With new feedlot plans in the works, the Petschs decided to further diversify by expanding to 5,600 head.

"Expanding their feeding capacity was a positive move because it gave them the option to feed their own cattle and do custom feeding," says Jim Cauble, president of Platte Valley Ag Credit, Scottsbluff.

Working closely with the DEQ, the Natural Resources Conservation Service (NRCS) drew up a feedlot plan that included lagoons. Meanwhile, Irv met with a private engineer in Nebraska who was moving away from containment systems, or lagoons, and toward conveyance systems that trap pen runoff and distribute it over irrigated grasslands to prevent nonpoint-source (NPS) pollution.

A DEQ employee perused the NRCS plan and realized the proposed lagoons and ditches were an expensive venture.

"He said 'There's got to be a better way,' and I pulled out the private engineer's plan," Irv says. "He thought that would work and got pretty excited about it but had to talk to his boss."

The DEQ called a few days later. "They said, 'We've decided to let you do it. I'll write you a letter to that effect and don't lose that letter,'" Irv says. He adds, "It's a lot better for the environment. Because we don't have lagoons, we have eliminated breeding grounds for disease and insects and the chance for pollutants to seep into our precious groundwater reserves."

While designing their new feedlot, Y6 Feeders, the Petschs toured existing feedlots in four states.

"The main thing we asked was, 'What did you do wrong in designing this feedlot?' Then we tried to design our feedlot so we didn't have anything 'wrong,'" Irv says. "We drew seven different plans, and at the end of the seventh plan, decided to try that one. It's worked very, very well."

Y6 Feeders built

The state-of-the-art feedlot is built on a south-facing slope surrounded by trees, providing a living windbreak, and a temporary steel windbreak, which will be removed when the trees mature.

The pen design is management-friendly.

"When it came time to get fat cattle out of

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A present perspective

Petsch Ranches Inc., Petsch Farms LLC and Petsch Land Co. currently comprise 33,000 acres in southeastern Wyoming. Earlier generations of the Petsch family developed hay meadows along Horse Creek, and the family now controls 22 miles along it. "A lot of trees had to be cleared for hay production and winter grazing," Irvin J. Petsch ("Irv") says.

Irv is the third generation to operate the land. Rowdy, David, Trevor and Brady are fourth-generation principle partners. Rowdy manages the feedlot, and Trevor runs the feedmill. David is responsible for the cow-calf operation, and Brady oversees the farming enterprise. Irv oversees the entire operation.

George Nash, Jirdon Agri Chemicals, Torrington, Wyo., has served the Petschs since 1961 and says of Irv, "He's the glue that holds it all together."

Citing Petsch's overall management scheme, Jim Cauble, president of Platte Valley Ag Credit, Scottsbluff, Neb., says, "I think it's positive that the young people take responsibility for their particular enterprises. They are committed to communicating and seeking advice from others."

In addition, the Petschs have 11 full-time hired hands and sometimes employ students from the two-year Frontier School of the Bible in nearby Lagrange, Wyo. "We can easily get day help in the afternoon," Irv says.

The operation's size and diversity may boggle some minds, and Irv admits, "It requires a tremendous amount of communication, organization and planning, and we're not as good as we could be. But we work fairly close together so we have an idea what the other guy is doing."

Their organizational aids include business meetings, a huge monthly wall calendar and dozens of business-band radios. He adds, "We need to be that way because there is a lot of family and personalities involved. The best way to get things done is as a team."

Tom Hogan, Agri-Plan president and CEO, Marietta, Ga., helped build the Petschs' current business plan and says, "It's a neat ranch with a neat history. Everybody's got their own pride, but they all have a deep-down desire for the whole operation to succeed and expand. [That's possible when] you treat each enterprise as a business and know what each enterprise is doing for you or doing to you."

Nash adds, "I've watched that operation grow over the years, and it's been very enjoyable. They're doing a topflight job managing their resources. It looks like they manage their capital very well. They're very innovative thinkers who have charted their course and are getting it done."

The size of the Petsch ranching and farming operations makes good communication among the principle partners imperative.

the old feedlot, it took all the kids and wives and dogs," Irv says with a chuckle. "With the new pen design, we have steel gates near the back alley and electric fence everywhere else." Cattle naturally move toward the nonelectric gated corners. He adds, "There are very few cattle one guy can't get out."

Every aspect of the custom feedlot is computer-driven or computer-assisted.

"It used to take five people to feed 1,200 head," Trevor says. "Now we're right at 6,000 head, and three people can do it."

Because Petsch Ranches is at the end of an electric-service line, they have a backup generator. The feedmill features a computerized batcher and a microchemical room where they use three wet and up to six dry ingredients, including soaked corn, which is similar to flaked corn but less expensive. "If we're off as much as 10 pounds per ingredient, everything shuts down until we rectify it," Trevor says.

In addition, an indoor cattle-processing unit features a hoof scale, working tub, load out, snake, ultrasound prep chute, hydraulic squeeze chute with a scale, and Vet Records software.

In two years of operation, Y6 Feeders boasts a 4%-5% inventory loss.

"Efficiency is the No. 1 thing," Rowdy says. "We know our exact feed inventory and cattle performance statistics, including ultrasound measurements of backfat and marbling."

Cattle are individually identified with ear tags, and the Petschs record carcass data on every animal. Rowdy adds, "Once the industry catches up with technology by using electronic readers and bar codes for electronic ear tags, we'll be there."

Land use

The Petschs began a 300-acre center-pivot irrigation system in the early 1980s, converting it from crops to intensive grazing in 1997. Tom Hogan, Agri-Plan president and CEO, Marietta, Ga., encouraged the change.

"We looked at turning some irrigated ground into grass and expanding the cow herd because farming other than for forage is not profitable in their part of the world," Hogan says.

David adds, "Tom encourages us to better utilize our resources to get better poundage for our inputs. You don't manage cows, you manage grass, and managing for the most profit is the way you need to go."

In 1999 they managed roughly 600 cows on 300 acres for five months. "It's working well for us," Irv says. "Especially now, when farm commodities aren't worth much." The 300-acre circle is divided into four 75-acre paddocks, with each paddock split in half by a temporary fence.

"David runs 600 cows in a paddock for four or five days and then moves them to the next one," Rowdy says. David has trained some cow herds to move at the sound of a whistle.

The Petschs converted another 160 acres into center-pivot irrigation in 1999. The side-by-side circle-and-a-half has five paddocks of about 30 acres each. "Where we used to run up to 750 yearlings for four months on dry ground, we're running about 1,000 cows and calves for the same period," Irv says.

They use dry grass in the winter and are working with the NRCS and Farm Service Agency (FSA) on an intensive-grazing plan with new crossfencing and water tanks to better utilize nonirrigated pastures.

Two other center-pivot irrigation systems are 210 acres and 80 acres, for alfalfa and corn production, respectively. The corn is used as a buffer in the event of a poor production year.

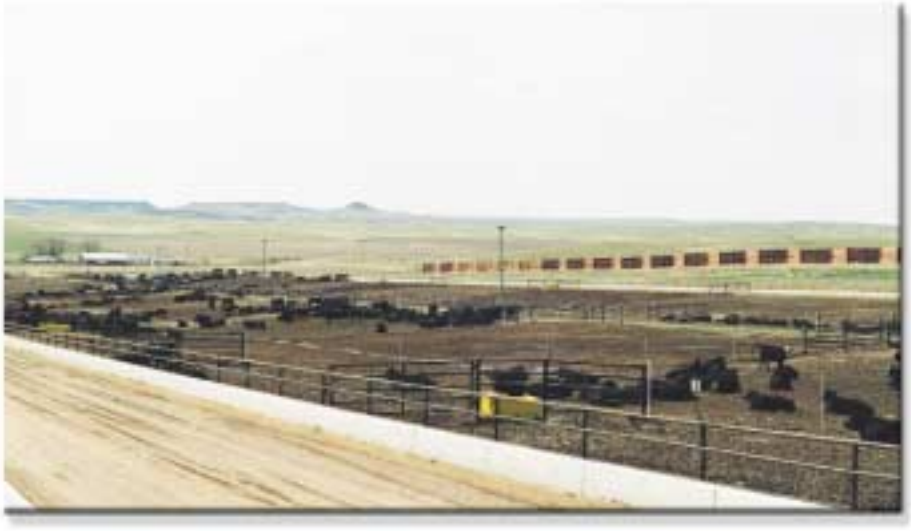
From the 1940s through 1996, the Petschs employed up to four families as sharecroppers. At the height of their involvement, about 75 people were supported by the operation. Today, the Petschs handle the farming responsibilities themselves.

They currently have 1,800 acres of irrigated farmland and are also working with the NRCS and FSA to implement a more efficient irrigation plan. Their crop irrigation uses surge valves in which a solar-powered computer moves water from one side of the field to the other at timed intervals. They use plastic ditches and gated pipe to prevent water evaporation and seepage. "We're probably 40% more efficient with our water right now, and we still have more work to do," Irv says.

They've also planted 5,000 trees in four different windbreaks. The largest windbreak includes 1,500 trees in five rows splitting a large hay meadow used for winter pasture.

"That windbreak addresses livestock needs in the winter, but such a big planting

"Sometimes we have to change, even if for no other good reason than to appease someone," Rowdy says. While some may try to fight it, he adds, "we think it's easier and better to work with them."



The Petschs' state-of-the-art feedlot, Y6 Feeders, is built on a south-facing slope surrounded by a living windbreak and a temporary steel windbreak until the trees mature.

will also have huge benefits to game birds and other wildlife," says Laramie County NRCS District Conservationist Steve Kadas, Cheyenne, Wyo. The Petschs were named the 1998 Wyoming Association of Conservation Districts Cooperator of the Year.

Embracing change

Traditions continue on the Petsch Ranch. Employees walk past the original homestead house en route to the cook house, where Cookie still makes a noon meal for all ranch employees, plus breakfast and supper for single hired hands. Still, with a new feedlot, a larger cow herd and four fourth-generation producers involved, it's obvious that the Petschs embrace change.

"As technology grows and times change, you need to stay with it," Rowdy says. "Otherwise you'll get left behind. That's our reason for such vast changes in the last year."

Fred B. Petsch was noted for his honesty and integrity, whether he ran a Saturday auction, a sale barn or a ranch. "In this day and age, we still deal in honesty and integrity," Rowdy says, "but we are also aware that we probably need to be more concerned about saving ourselves."

A representative from the state game and fish commissioner's department of environmental quality may arrive on any rancher's doorstep, any day. "Sometimes we have to change, even if for no other good reason than to appease someone," Rowdy says. While some may try to fight it, he adds, "we think it's easier and better to work with them."

Irv emphasizes, "There is some mass contention out there that can really affect ranchers. The best thing is to be proactive. Look at what's coming by being aware of the issues Farm Bureau, Stockgrowers and other agricultural associations are dealing with.

"We're better off now than we were two years ago as far as management, technology and resource utilization. If we're going to stay in business, we have to make changes, whether mentally, physically or monetarily." He concludes, "You have to be open-minded enough to accept change and intelligent enough to see what changes will help you. If someone gives you a bag of lemons, figure out how to make lemonade."

The cattle operation

The Petsch operation originally raised Polled Hereford cattle. They began using Angus bulls on heifers in 1963 and later incorporated some Shorthorn blood to boost milk production. "By the late '70s and '80s, we started using exotics," Irvin J. Petsch ("Irv") says. "We tried Charolais, Simmental and eventually settled on Maine-Anjou crossed with Angus."

Today, Petsch Ranches manages 1,500 owned and 700 leased Angus × Maine-Anjou-based cows split into six herds. "Because of our irrigated intensive grazing and larger feedlot, we have increased our animal units," Rowdy Petsch says. "Of course, we hope that increases our bottom line."

They artificially inseminate (AI) all of their females. Heifers begin calving April 1; and cows, around May 1. "We're kicking our calving dates back to cheapen our winter feed bill and to calve in warmer weather," David Petsch says. "This is our second year of intensive grazing and later calving." The lease cows calve in mid-March.

The Petschs' short-wean their calves at 350-400 pounds (lb.) or 150 days of age. "We moved our calving back and moved our weaning up," Rowdy says. "That goes against a lot of theory, but healthwise, it's helped us considerably." The calves are weaned while they're still in a growth spurt, rather than struggling between a milk diet and a grass diet.

"If you wean at 220 days, it seems the calves almost back up the last week or 30 days, and they take condition off the cows." He adds, "We're running our cows for $75 less per cow per year than we had traditionally."

Though the plan goes against logic for ranchers who market in the fall, Rowdy believes, "You have to retain ownership of your calves to benefit from the full genetic potential you've been working for." All of the Petschs' 1999 calves were marketed on video auction.

Their goal is to reach a half- to three-quarter-sister cow herd.

"We're after predictability," Rowdy says. They will continue to feed their steers, and in turn, sell replacement heifers with known carcass qualities through their heifer-development program.

"We're trying to increase our genetic potential for feedlot efficiency, thereby increasing our income," he adds. "It's going to give us a lot of opportunity for sire tests and feed tests."

These half-blood heifers are a step toward the Petschs' goal of running a half- to three-quarter-sister herd. "We're after predictability," Rowdy says. "We're trying to increase our genetic potential for feedlot efficiency, thereby increasing our income."

The Petschs are proud of their half-sib females, all bred to the same bull. "The thing that impresses me is the consistency of these cattle," Rowdy says. "If you have a calf crop by 17 different sires, somebody is costing you money. To optimize performance, we're limiting our genetic pool, but hopefully we're creating a more marketable animal."

While they could sell the half-blood females for a substantial profit, Rowdy asks, "Do we want to end the race halfway? Down the road that would hurt us because our market would be gone." The question of where they'll get their own replacement females remains unanswered.