



Vet Call

► by **Bob Larson**, *Kansas State University*

Networking in the beef industry

Although cattle producers often find that it is necessary to rely on themselves and to develop a wide variety of skills, successful cattle producers also know that it is important to identify others outside their operation who will provide benefit to their ranch. People who are trained to help and who have an economic incentive to ensure that your ranch thrives are ideal networking partners. The most likely networking partners are often located very close to your ranch, but can come from the wider region, other areas of the country or occasionally from other parts of the world.

Partnerships

The Japanese word *keiretsu* is used to describe a business system where companies are linked in one or more ways due to serving the same geographic area, working with the same lender, having some cross-ownership, or being related by blood or marriage — and that do a great deal of business with each other.

In business schools, networks of large companies in manufacturing or technology are used as examples of *keiretsu*, but when I first heard this word, I immediately thought about my hometown and many similar situations in rural America. These types of networking relationships can occur from convenience or because cattle producers actively seek connections that are mutually beneficial to their ranching operation and to other businesses in their community.

Some potential networking partners for ranchers are veterinarians, lenders, feed suppliers, breeding companies, other ranches, and Extension personnel who can help improve production efficiency, product (cattle) quality or marketing. These partners may bring expertise and experience in areas such as range management, genetics, finance, nutrition, risk management, promotion or cattle health. Cattle producers also develop networking partners with their customers, including other cow-calf or purebred breeders, bull customers, feedlots and even businesses closer to the end consumer, such as local restaurants or beef supply chains.

Ranchers usually have choices of who will be their suppliers and where to sell their cattle or who to cultivate as customers. The ideal and most sustainable networking

partnerships occur when both parties benefit, whether these relationships are between suppliers and the ranch or between the ranch and its customers. All these relationships require trust to be mutually beneficial.

Trust is both a result and a cause of mutually beneficial networking partnerships in agriculture. Trust becomes a self-fulfilling prophecy in that ranchers whose businesses are improved by a relationship and who trust the network partner to balance that business's interests with the rancher's interests over both the short term and the long term will fulfill their side of the arrangement to the best of their ability. The outcomes of a mutually beneficial relationship for the rancher may be improved financial position, greater convenience, increased safety, enhanced business or health risk management, or enriched pride of accomplishment. The supplier or customer reaps similar benefits.

An important networking partner for ranchers is their veterinarian. In a good, mutually beneficial relationship, a ranch's veterinarian should provide valuable services and should be able to be trusted to have the rancher's interests valued as highly as his/her own interests. Veterinarians have the potential to provide advice and services that improve reproductive efficiency and that reduce the risk of production losses due to disease.

Reproductive efficiency is an important driver on the income side of a ranch's business ledger. Veterinary services such as selecting and developing heifers to ensure they calve early in their first calving season, breeding soundness examination of bulls and monitoring cow body condition prior to the breeding season to protect against

poor fertility, and utilizing biosecurity and vaccinations to guard against abortion-causing diseases provide the opportunity for mutually beneficial transactions.

In addition, losses due to disease, injury or poisonings can negatively affect a ranching business through disrupted cash flow, harmed relationships with customers, increased labor and treatment costs, and added family and employee stress. Local veterinarians are knowledgeable and available to help minimize these risks.

When looking at the local community and beyond for potential networking partners, cattle producers should consider a few key steps in order to establish long-term, mutually beneficial relationships. The first step is obtaining the information you need to

know if the potential partner is a good fit.

If the business is local, you may have firsthand experience that gives confidence that the potential partner has the skills, financing and ethics that will lead to a beneficial relationship for your ranch. If you don't have firsthand experience,

you should find out if suppliers, employees and customers trust the business to provide quality service, pay bills promptly and act fairly.

Once you have identified a potential networking partner, it may be best to begin with smaller transactions that limit your financial and reputation risk and to use smaller interactions to clarify the skills needed and responsibilities expected from both parties. Assuming that the association between your ranch and the other business appears to be mutually beneficial at the start, as more interactions develop over time, candid communication about what is working well for each party and where expectations are not met will be essential to create a long-term successful relationship.

In the end, forming successful long-term networking partnerships that benefit your cattle operation may take more time initially compared to less-thoughtful methods of selecting suppliers and customers; and may require communication, compromise and change to maintain the relationship. In the long run, finding the right partnerships can bring enormous benefits to any ranching operation in terms of efficiency, profitability, growth and value to its customers.

EMAIL: rlarson@vet.k-state.edu

Editor's Note: *Bob Larson is professor of production medicine at Kansas State University.*

