



## *Dream on!*

*To accomplish great things, we must dream as well as act. —Anatole France*

When you wake each morning, remember your dreams. Not the odd vignettes that come to you sometimes while you sleep, but the aspirations and plans of your real life. You may own or control a herd of cows, but without long-term plans, every day is just doing chores.

Why are you out there feeding hay, checking the waterers and fences? Plans give purpose to everything we do. Be sure to allow time to think about your future as you go about your day, then spend some time with pen and paper or computer keyboard and commit ideas to record.

It's hard to say what the weather or markets will do next week, so don't get that specific. Allow rain checks on near-term plans and focus on what could happen in a year, five years, 10 and even 20 years. Historical averages and logical trend projections can help. If you live in an area with seasonal climates, you know spring will follow winter. And if you have any cattle market experience, you know there are seasonal and 10-year price trends.

Some observers say the current cattle cycle will be longer than 10 years because there are no signs yet of heifer retention to build herds. The whole thing is based on inventory changes, and the U.S. cowherd is at its lowest in several decades. With historically low calf supplies come the historically high prices. They will bounce up and down from here, but calf prices are expected to remain favorable to ranchers for several more years. This is an opportunity to prepare for the inevitable turn toward lower prices.

Chart your own cattle inventory and other factors that will affect the next 10 years or more. One easy way to dream on paper is to make column headings of those years, beginning with the current one. At the left margin you can pencil in a range of cow numbers, acreage, conservation projects, your age, the price for 500-pound calves, percentage of your calves that could achieve Choice grade when finished, net farm income, non-farm income, land payments, college tuition, labor available—and anything else you can think of that will change over the years. This works equally well on computer spreadsheet as on paper, but if you use paper, keep your dream sheets where you can always go back to them.

When you're guessing, some of the numbers may provide a good laugh in the next decade, but guess anyway. Use a range to expand plans into worst-case, average and best-case scenarios. As real life deals the cards, you can revisit the plans and adjust ranges.

Mark a range of three years when you believe the cattle cycle will bring the lowest calf prices. What will you do before, during and after those years? Adjust net farm income accordingly.

Notice the category row about how your cattle grade in the packinghouse. If you have not finished them in the past, you may have no clue as to their potential to make the premium quality grades. But there is time, and there are ways to find out if you ask. Many producers are discovering the benchmark grades now, taking steps to coordinate management and improve genetics so that their cattle will command premiums at the cycle low to make up for the commodity downtrend.

The years ahead may include college tuition, which implies the potential for another generation's interest in the herd. If that is to be, it will take regular communication and merging of dream sheets. Keep it grounded in what seems possible, but don't be afraid to include some what-ifs that seem unlikely today if there are steps you can take to increase their likelihood.

Think about labor and management succession, even more so if there is no coming generation in the family. If you plan far enough ahead, you will come to those years when many people retire, and you must always consider the unfortunate what-ifs that would take you out of the picture. If you have the time, consider taking a younger person “under your wing,” not just to share your vision, but to learn from theirs.

A related concept, unavoidable as you look toward the right side of that spreadsheet, is estate planning. You can leave your life’s work in good hands, and with the right legal advice you can make sure heirs have the financial footing to carry on your dreams along with their own.

Next time in *Black Ink*, we’ll take a closer look at cold weather. Questions? Call toll-free at 877-241-0717.

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