

Warp Speed and Inevitable Change: Severe Drought Altering the Beef Industry

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We live in a world of warp speed. Information travels around the world very quickly. Changing demand scenarios and market prices are well known to producers in a very timely fashion. Unfortunately, severe drought over the productive heartland of America has changed agriculture and even consumer activities immensely...maybe like never before in modern times.

In the Intermountain West, where producers rely greatly on the use of public lands, many changes may be brewing. Sadly, older ranchers who may need to sell down numbers, or even sell out, may not be buying back in the business in the future. (Also with increasing demand for breeding stock, after tax deferred sales this year due to drought, those ranchers may find buy back prices in the future way too costly.) An entirely new generation of operators, many very savvy with computers and other warp speed technology, may be moving in and taking over where the older generation is reluctantly stepping aside. Valuable information, such as the National Beef Quality Audit, is in the hands of knowledgeable producers who are responsive to the changing needs of the industry and the consumer. We are moving into a timeframe where agriculture operators will be more informed than ever before. Even the so called average operator has access to current production costs and market information like never before.

If you are an older producer or a family who has been involved in the beef business, do you have a business continuation plan in place? You have worked hard for decades. Who do you want to carry on your business if you become unable to continue? Have you looked at your entire estate scenario and truly thought through your future desires, and compared that to your planned outcomes?

Do they mesh? Are your wishes and reality even possible? And maybe most importantly have you communicated your desires to those who will be affected?

These are some tough issues to face, especially in light of the present cattle industry activities. Many older operators will be selling out completely, never to return into production. Many will sell portions of their cowherds and probably will not build back with sufficient numbers in their remaining lifetimes.

There are some immense potential changes looming for many operators. Many of the decisions will be life altering and certainly should not be taken lightly. Tools like life insurance, powers of attorney, living wills, etc. need to be examined very carefully. Extension Agents and Specialists

may be able to provide some much needed unbiased assistance. Other professionals like attorneys and accountants (and even livestock nutritionists) should be involved, if needed. Individual legacies of older operators need to be well thought out. Personal risk preferences of all of those involved in an operation should be discussed. In the near future, some long time operations will no longer exist. Some multi-generational ranches will continue on solid footing. A few entirely new operations will begin.

Those of us who have been a part of this industry are witnessing a unique time of the beef industry history that we have not seen before. It is new ground so to speak. We need to use all of our knowledge, skills, and abilities to insure a sound future for the beef cattle industry. Change is inevitable. Much of this change is being forced by a drought that we have very little or no control over. High feed prices are affecting the beef industry immensely.

The use of all the good management tools available is wise and will help operators make good, sound business decisions. The future of the beef industry will be very interesting. Good Luck!