Bottom-line Beef Producer

Texan Vance Mitchell takes a "no excuses" approach.

by **KINDRA GORDON**, *field editor*

"We do things really different with our cattle business," Vance Mitchell is proud to proclaim. The Lolita, Texas, rancher represents the seventh generation of his extended family to operate the ranch, which was established in 1876. Located 15 miles from the Gulf Coast — halfway between Houston and Corpus Christi, Mitchell Ranch today encompasses 2,900 acres with a carrying capacity of 600 animal units — or 300 if there's a drought.

Given his former role as a banker with Wells Fargo, it should come as no surprise that Mitchell concentrates on keeping overhead costs and turnover in check, as he always seeks ways to run more numbers on the ranch.

One specific tactic Mitchell uses is the 80:20 rule. He explains, "80% of the income and profit is made with 20% of the work." He points to managing the grass, soil, fences and water as making up most of the 20% of work.

However, he says a common mistake he sees today's ranchers make is spending 80% of their time chasing the last 20% they make — hay, labor, equipment, supplements and substitutes.

Vance Mitchell underscores the importance of remembering the primary objective of ranching, which he defines as "building and sustaining soil health and turning resulting grass into marketable beef in whatever form the market tells him is profitable at the time."

To his point, Mitchell says, "With our cow herd, we just aim for a weanable calf — that's 80% of the work." In that vein, to keep costs minimal Mitchell does not feed hay, offers the herd minimal supplement and uses very little equipment. To accomplish this, he calves in the summer (July and August), which he says is typically scoffed at by ranchers in his area, and correspondingly breeds cows in the fall. Mitchell reports that this system of calving is in synch with nature to match his forage supply and the cow's nutritional needs allows his cows to calve in a BCS of 6 or better — and fits with his 80:20 rule.

Cows that don't produce a respectable, weanable calf or those that have disposition issues are culled.

Above all, Mitchell underscores the importance of remembering the primary objective of ranching, which he defines as "building and sustaining soil health and turning resulting grass into marketable beef in whatever form the market tells him is profitable at the time."

Mitchell, who previously raised registered stock, now only manages commercial females and is also fond of saying, "There are no special cattle, just special grass."

Regarding the Mitchell Ranch grass, they utilize managed intensive grazing and rotate cattle every one to three days through pastures averaging 30 acres in size. Well water is piped to all pastures.

Four areas of focus

Based on his experiences, Mitchell believes there are four primary areas that require attention for a successful grazing business.

Topping the list as most important, he says, is people.

"This includes family, employees and bankers — and communicating with all of them," says Mitchell.

Secondly, Mitchell advocates that producers devote time to economics and finance. He explains that this should include recognizing cash flow, economies of scale and debt.

With regard to debt, items purchased must have a cash return, Mitchell says. "I'll spend money on cattle, but I hate to have debt on anything else."

He notes that often this boils down to lifestyle choices. He compares the overhead of owning a 2015 vehicle vs. a 2005 vehicle and says, "That's a lifestyle choice."

Third, Mitchell emphasizes that producers must know and spend time on marketing and determining which method — via an auction barn, order buyer or direct — provides the best return for their own operation.

The fourth area that requires focus is production. One example is recognizing the benefits of cow-calf vs. stocker, depending on the conditions of the year. Mitchell is a believer in flexibility, and chooses to manage cow-calf pairs along with stocker heifers, as opposed to stocker steers, because they offer more marketing options. During the fall runs at local auction barns, Mitchell Ranch purchases 450-pound (lb.) heifers with the goal of keeping and marketing some as replacements, selling some as bred heifers or pairs, and raising some as stockers for a diversity of income.

For Mitchell's production, he breeds all heifers and his cow herd to Angus sires. He tries to find bulls with a birth weight of less than 70 lb. so he doesn't have to worry about calving problems.

Simple records

Mitchell's banker background makes him a stickler for records, but not in the way one might think. He prefers simple, straightforward records that prove useful for planning and tracking. These include:

1. An annual priority list for ranch projects, weighted by urgency and project affect on profit and reducing costs.
2. Paddock sheets tracking pasture condition, in/out dates, precipitation, grass height and other observations.
3. Daily notes — observances, discussions and thoughts, which he refers to for effective weekly meetings with employees.
4. Notes from monthly meetings with manager, foreman and employees.
5. Vaccination records — administered dates by herd and individual.
6. Bull notes — activity condition and any injuries.
7. Work calendar organized by enterprise and by activity (i.e., cattle, land, wildlife).

"This helps you budget and with decision-making," says Mitchell. Likewise, he treats his land and cattle as two separate businesses.

"The cattle enterprises pay rent to the land business," he explains.

He concludes, "That's all the records we keep. It's easy. Net dollar per acre is our final measure of profit. For cattle analysis, we track profit by head."

Editor's Note: *Kindra Gordon is a cattlewoman and freelance writer from Whitewood, S.D.*