

Looking Back at What's Ahead—One Man's View

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Introduction

Surviving and thriving in this business can be challenging enough most years, but when you add in the extra stress of the worst drought in 50 years it can be down right depressing. The lessons learned last year will be of great benefit in the future— and the future may be now!

Background

Our outfit, Black Gold Ranch and Feedlot, got its start in 1994 at our current location in West Central Illinois about 65 miles southwest of Peoria. Previous to that we had farmed in Knox County in partnership with Steve's brother. A landlord's dispersal of several thousand acres of land caused that operation to downsize and gave our family the need, and opportunity, to relocate and start over, and thus we landed on an old strip mine in southern Fulton County, Illinois.

Our family (three sons and a daughter) with the help of some great hands set about building a ranch on the property as hired managers. Over the years we have changed the management to where we were leasing the ranch, and then on to where we now own the entire ranch, and even further to the point where while we are continuing to expand our ranch, we are dividing the ranch assets into further business units owned by the next generation.

The core business for our outfit has always been our ranching enterprise. Cows and calves running on the poor quality land we own is the one thing that always works. Early on we tried farming quite a bit of our land base, but poor yields, and low grain prices quickly had us seeding down every acre and strictly running cows. The biggest drain on our ranch was the ever increasing cost of fertilizer cutting the profit out of our calves. We had always been in the swine industry, but the move toward consolidation of that business had left us on the sidelines. Building sow units on our ranch seemed to be the answer to get us back into the pig business and provide the fertilizer we needed for our pasture as well. Using contacts developed over the years in the swine industry, we constructed three sow units dispersed around the ranch to facilitate

manure disposal and provide biosecurity for the sows. That plan worked so well that we soon had more grass than we needed so we expanded into running yearlings as well. We like cows better than yearlings, however, and moved back to more cows and use yearlings only as needed.

The ethanol industry moved into our country about that time and corn prices jumped to over five dollars and all of a sudden we wanted to be farmers again. So, we plowed up some of our flatter, more farmable pastures and went into row crops, utilizing the manure from our sow units for fertilizer. That pretty well ended our adventure in grazing yearlings. The cows and their ability to utilize crop aftermath was a nice fit to the farming operation, but left no room for yearling cattle.

The ethanol industry and the stream of distillers by-products provided a cheap source of feed for a few years and prompted us to get into cattle feeding as well. Cattle fed outside on dirt in our country is not the answer in a cold, wet winter, and that moved us to construct a totally slatted mono slope confined feeding barn. That move has really made a huge impact on our total operation, not only does it have us looking at our cow breeding program from an end point perspective, but it also has expanded our row cropping enterprise because of all the extra fertility provided from the manure.

The shrinking US cow herd has caused the market for feeder cattle to be aggressive to the point where profitability in our cattle feeding business was hard to maintain. The obvious choice was to expand our cow numbers and raise more of our own feeders, but our pastures were already full, and there's not much room for any real growth in our part of the country. So, we set about a search to find another ranch to expand our cow herd. Our search was focused mostly in Florida and the southeast where fall calving is the norm. Fall born calves flowing through our feedlot would complement the spring born calves we already have from our Illinois cow herd.

In the meantime, I basically took a year off from our outfit and served as the NCBA president. That year was great for several reasons. In addition to meeting so many great cattlemen and cattlemen from all around the world, I had to let the day-to-day management of our operation fall to the younger generation. I learned that I was not indispensable and they learned to run the outfit all by themselves. They did such a good job that I had to find something else to do with my time when my NCBA responsibilities came to an end. That's when we leased a couple of adjoining plantations in southwest Georgia, and I have been spending quite a bit of time developing them into ranches.

Currently our Illinois beef enterprise consists of our cow herd, a totally slatted confinement feeding operation, and a row crop operation that grows corn and soybeans. Our Georgia ranch also has a cow-calf component, with the Georgia farm land being leased to a local farmer that grows corn, cotton, and peanuts. We utilize that farm land in the winter to grow rye grass that we graze from October through mid-April.

Our current management team includes my wife Linda and my daughter Kaitlin, who pay the bills and provide financial planning. My son Nate oversees the feedlot, manages a cow herd, and does all the risk management, and his wife Hannah does all feedlot records. Son Drew takes care of all the north ranch cows and has a purebred Charolais and Angus herd. Nephew Brett helps with feedlot management in addition to managing a bunch of cows and oversees the row crop operation. My other son, Cole, who I mentioned earlier played a major role in building the ranch but unfortunately passed away several years ago to cancer, his spirit still serves as an inspiration to all of us at Black Gold . The Good Lord has seen fit to bless us with 11 grandchildren so far, who continue to take an ever increasing role at the ranch from building fence to clearing pasture to feeding cattle.

Now you kind of know who we are and how we got to where we are, so what's next?

Looking Back

I did several interviews last summer about the “drought”. Was it a drought or just an extended dry spell? If you're a student of the Bible they talk about droughts lasting for years. No rain. Nothing. At our place, we thought we were on pace for the best crop ever last year right up until Memorial Day. We had our first hay crop baled, the corn and beans looked phenomenal. Then a week of 100+ degree days hit and our bubble burst. No pollination to speak of in our corn, spider mites in our beans, and our pastures went from lush and green to dry; to yellow; to a standing hay crop in just a couple of weeks. But interestingly, the cows did well on standing dry feed, and the corn, while earless, was still tall and mostly green. The cattle business is the best for allowing flexibility and letting producers take advantage of a bad situation and make something good come of it, so we did what any cattleman would do; we chopped all our corn and made it into feed. Then, after considerable hand wringing over chemical carryover, we seeded the whole farm down to rye. This has been an exceptional year for grazing the fall seeded forage and we are looking forward to an early spring with lots of rye to graze off. The recent rule change by the RMA crop insurance folks will allow producers growing rye through the winter to harvest the rye next spring and still qualify for crop insurance on next year's crop. That's a big move and could be a real game changer for livestock producers. OK, that's the past, what about the future?

What's Ahead?

My son Nate and I attended the Cattle Fax Outlook Seminar in late November. One of the highlights of this annual seminar is the weather outlook by Art Douglas. Art has been doing the

weather outlook for 40 years and has one of the best track records around, so I've always put a lot of stock in what he has to say. On his way to the podium, Art warned the crowd to not "shoot the messenger" and I'm quite sure I saw the entire crowd slump about three inches in their seats. The threat of another dry growing season is on the mind of everyone that's involved in agriculture in any way. We've had enough moisture to get a 'green up' next spring and the crop farmers have done so much fall work about all that's left to do is to plant. Sounds about like last spring, right? What lessons have we learned from last year that might be applied to the upcoming season? Should we spend \$350 a bag on seed corn? Or would some \$100 dollar extra tall forage type corn be a better bet? I don't know about you but our best crop last year was crop insurance. How about not growing corn at all? My friends in Kansas where it never rains, every year, grow forage sorghum instead of corn, less input costs for seed and fertilizer, more drought tolerance. If our growing season is going to be short and moisture restricted maybe an early season crop like oats would help with our forage needs. And what about water, most stock ponds are low and in need of refill, but if we were short last year; capturing more of what might be limited spring rains could be a great start on getting through next summer. An open winter like we are having lends itself to pond building during the off season for many excavators. I've been wanting to install some new tanks and water lines in some of our crop fields and with the creeks all drying up last summer, some of our pastures were in need of water as well. Expanding our water system has been my project this winter and I've talked to several other ranchers that are in this mode as well.

Destocking is a sin for most cattlemen, but how about culling cows and replacing them with extra heifers? With cull cow prices at record levels, trading heifers for cows not only 'young up' your cow herd, but lightens the load on pasture as well. Alternative feed stocks like distillers grains have followed the corn market ever higher and make supplementation of cattle on pasture an expensive proposition, but may be the only practical option if it turns off dry again this summer. Fortunately with calf prices headed even higher, there will be more room for extra feed in the budget and while that will narrow the profit margin, it will maintain the cow herd. What about irrigation? Do you have access to lakes or creeks where you can store spring rains for later use? Hose reels are labor intensive, but a little water can make a big difference on forage crops. Summer annuals are typically warm season crops like sorghum sudan hybrids. Around our place, they get planted when everything else is done. Corn farmers in my neighborhood plant earlier every year to get a jump on the heat and utilize available moisture, maybe a similar strategy would be prudent for cattlemen needing to extend the pasture season.

The one thing I've learned in my travels is that cattlemen are the best at making use of whatever is available to make cows work in whatever region they live in, and they can adapt when mother nature throws them a curve. The only thing that gets in the way is being tied to tradition or being stuck in the habit of doing it the same way because that's what we did last year. If the weather challenges of last year persist in 2013, thinking way outside the box and being willing to change to meet the challenge will determine how we get along in this cattle business.