



**MANAGING  
IS MORE THAN  
MAKING  
DECISIONS**

# Labor & Management Resources

By Paul D Ohlenbusch



Last time, I reviewed the land and capital resources for inventory and evaluation purposes. The two are tangible resources since they are visible and can readily be measured and described. This time we will look at the intangible resources of labor and management resources. These resources are people. While we see them, describe their size and features, it is difficult to measure and evaluate their abilities to perform.

### **LABOR RESOURCES**

Labor has a unique place in many operations. It can include such sources as hired or contract labor, family members, and exchanged with neighbors. Labor may also be the 'management.' This is the case with many small operations since the owner may be both labor and management. When this occurs, these responsibilities often become mixed and may not enjoy the attention they require.

Labor can be male or female and young or old in age today. In the past, it was considered to be male. Today, an increasing number of women are both labor and management.

Labor has always been a key point as I worked with land owners and operators. Their attitude toward labor is important. Some terms that are often heard are hired hand and worker. Today, both are considered derogatory to the individual who may feel their value is less than quality labor. Employee is the term that is most accepted today. It carries a different connotation. An example is a rancher I worked with. He had a young man he considered very important to the operation. The employee had learned the attitudes and thinking of the rancher and could make decisions the same or close to the rancher's when he was not present. I asked him how he had kept the employee for over nine years. They had

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an agreement that if the employee was approached to work for someone else he was to provide the rancher the details and they would work out a new arrangement. The employee had become an important part of management. As such, his value to the ranch was very important because the employee was a trusted asset.

Another important part of valuing employees is providing benefits that can serve as a reward or incentive to be loyal to the employer. Loyalty is an important part of the employer-employee relationship. It is a two way path where both work together. The best employees are those that feel they are an important and contributing part of the operation, not just a hired hand.

Part time or seasonal employees are another case. These may include family members (spouse, children), students (high school and college), weekend labor, and neighbors. Each may require patience and training to be as productive as needed. Special training and certifications may be required.

Sharing labor with neighbors is also an option. Sharing equipment may be part of the exchange. Some of the pros

are it can be good labor since experience should be part of their abilities and probably little or no capital is required. The cons are sometimes the labor comes with or results in conflicts.

### MANAGEMENT RESOURCES

The management resource is really the ability of the individual to manage and is often the most limiting factor in an operation. The ability to manage requires an understanding of the land resource management, animal management, marketing management, financial management, labor management, and business management. This is a tall order! But some can be handled by employees or contact arrangements. Examples include marketing and financial functions.

One important fact: Management decisions should be guided by long range plans, updated as conditions change, and adjusted as needed. The irrigation example I used at the beginning is an example.

The management style of the ranch where I grew up allowed it to develop into a state-of-the-art operation.

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## MANAGEMENT NOTES SEPTEMBER - NOVEMBER



Remember, water is critical. If drought is still with us, carefully monitor fall and winter water sources to insure availability. Develop options if sources appear to be less than optimal.

Monitor rainfall history for the past 12 months, the forecast for the next 3-6 months, and current soil moisture status. If soil moisture remains short and weather is projected to remain dry, plant growth may be slow and/or limited for remainder of 2009 and into 2010.

Evaluate the status of grazing and browse use for 2009. The amount of use on desirable species as fall and winter approach is critical. If use is heavy, plan to reduce 2010 stocking rates to allow the preferred species to improve..

Begin evaluating grazing and economic management results for 2009 and adjust the 2010 and 5-year management plan based on past weather together with current and potential economic conditions.

Evaluate broadleaf and woody plant control results for 2009. Begin planning for 2010 control needs.

Evaluate the need for prescribed burns in 2010. Also, begin planning the burns if growth and burning conditions are safe.

Evaluate 2009 seeded areas for management needs to continue to improve establishment in 2010.

Above all, manage for today and the future based on what has happened, not just for today. Management is not easy!

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Among the critical decisions was one made in 1951. The decision was to begin adding up to 600 acres of irrigated land over 10 years. In 1951, 300 acres of sprinkler irrigation was installed, primarily for hay and some grain production. This required the construction of two 4.5 acre foot reservoirs to use two wells and the addition of a single pumping unit, main line, and two 1,200 foot side roll sprinkler lines. They provided three inches of irrigation water every 2 weeks. Sudan forage sorghum and oats were the primary hay crops.

With 1952 as the beginning of the 50's drought, the decision to irrigate was timely. The ranch maintained a 250 registered cow herd and performance tested 200-225 animals annually. By 1957, when the drought broke, there were 750 acres under irrigation, half sprinkler, half gravity flow. This added forage sorghum and corn for silage, grain sorghum for feed, and alfalfa for hay. A total of three wells and three reservoirs supplied the water far exceeding traditional expectations.

When an operation has no long and short range plans, it often leads to a constant battle just to keep up. An example is the 1980's when many agricultural loans were based on collateral, not the ability to pay. Operations were expanding quickly based on the collateral available (land, equipment, animals) until interest rates spiraled upward and land values spiraled downward. The financial and personal stress in the country was high. I worked with many operators to evaluate their options to remain solvent and hopefully be able to come out of the situation in as good or better shape. Some failed, some succeeded, and some never had a chance. The latter group were the most difficult. The most common situation was lenders and creditors had been forced to require unreasonable terms often brought on by the operator's inability to consider reasonable changes. Interestingly, this type of situation continues today.

One positive situation that stood out was a young couple that had a combination of crops and cattle. They were in debt and she was working in town. When I visited with the husband, it was difficult to get information from him. After we got stuck in an alfalfa field and were pulled out, I asked him what he would like to see happen. It was like a curtain lifted. He related that the couple had quit socializing, going to church, and just stayed at home trying to work harder to meet their debts. He also said he had taken a job on a crew installing a rural water line. The other two people on the crew were young farmers with similar problems. After a few days, they were beginning to discuss their individual situations. After encouraging him to again become involved in the community and church, we parted company. Later I learned the three

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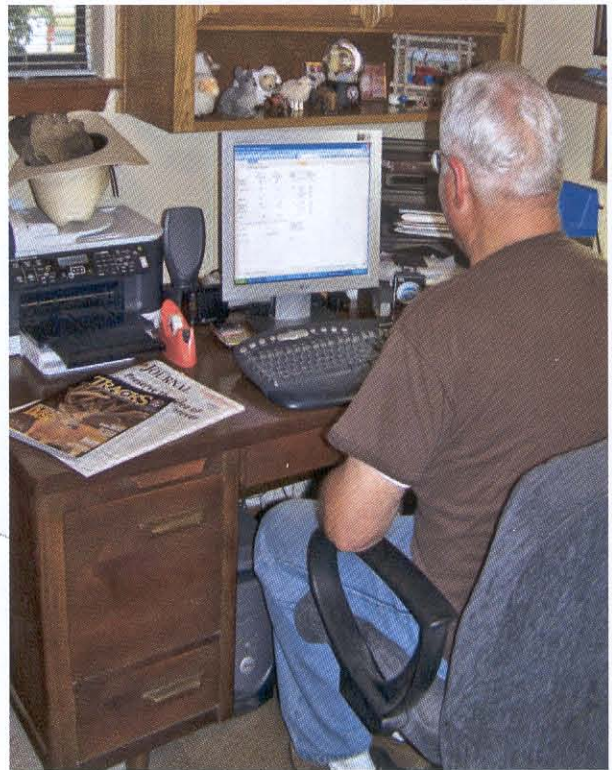
farmers had formed a shared operation with each handling what they knew best and sharing equipment and labor. In the end, they pooled their equipment, even letting equipment with high debt go. The unique part of this was the three operations required 40 miles of road to make the rounds. As far as I know, they are still in business.

What happens when an operation suddenly makes a decision to add a new enterprise. An example of what often happens is a family operation I worked with on several occasions. They decided they wanted to convert one of their center pivots to irrigated pasture. When I met with them, they laid out their idea. It was almost unbelievable how and what they wanted. After some discussion, we went to look at the field. Now, it is late September in northwest Kansas and planting cool-season irrigated pasture has to be done by mid-October. The field was freshly plowed with a loose, soft seedbed, not ideal for planting. When ask about soil testing, fertilizer application, and several other key factors, we discussed how they planned to water and work the animals, fence the circle for rotation grazing, and other operational items. At that point, the father said they were not ready to put in the irrigated pasture. A wise decision! Planning for adding the enterprise from a physical stand point had not been done. No consideration had been done on the financial side either. Ultimately, they never did add the irrigated pasture.

The point is that having a long-term management plan allows for flexibility over time. A good management plan should also have options for above average and below average conditions. To develop such a management plan requires an inventory of the current land, capital, labor, and management resources. The inventory may appear simple, but in fact, it is time consuming and can be threatening.

**SOME THOUGHTS**

Managing a land based operation, whether it is based on wildlife, domestic livestock, and/or recreation enterprises, is not a simple or low cost endeavor. Putting together and maintaining and/or improving the land, capital, labor, and management resources is a complex integration of the resources and managerial abilities. A planning process will be outlined in another article. Planning can help build and manage a realistic and



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profitable operation. Before that can be done, the above data and information is needed to develop the plan. Anyone who has used a planning process, implemented the plan, and adjusted it over time knows its value.

Bottom line, a management plan is required to blend the land, capital, labor, and management resources into an efficient operation that is environmentally, ecologically, and economically sustainable. In today's world, the level of results need to be profitable and meet the environmental expectations of a critical public. The environment and ecological concerns of the public can be met through a good plan and still be a profitable operation.

Finally, decision making is an art that can be described simply as choosing the right things to do and then doing things right! *!!*

*Next time, if you can't measure it, you can't manage it!  
Or are records really important.*

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