

Changing mind-set helps improve cattle business profitability

BY MARTIN BUNYARD

Opening the mind to new concepts of business management has enabled a family-run cattle operation near Roma in south-west Queensland to achieve better profitability and marketing results.

Warren and Melissa Thomas own and operate a breeding and backgrounding cattle business which they run on their property, Woonoona.

Faced with ongoing drought and increasing input costs, the Thomas family was struggling to maintain their once financially viable cattle operation.

"The cattle industry is more competitive than ever these days, so we needed to adopt a new business management plan to help regain profitability in the

rapidly changing cattle industry," Warren and Melissa said.

"It became clear to us that we didn't have a competent understanding of marketing [buying and selling] cattle in today's trading environment."

With the strong desire to improve their cattle marketing techniques, Warren and Melissa embarked on a mission to find out more information about managing a profitable cattle business.

"We simply needed to do things better," Melissa said.

During their pursuit they discovered the KLR Marketing course, which they attended last year. Currently, the Thomas family have been implementing the KLR Marketing concept to their cattle business and achieving solid results.

One of the biggest benefits of their new cattle marketing strategy has been the clear and factual results the KLR Marketing spreadsheet (a tool used to analyse the profit margins of each cattle trade) has provided when making selling and buying decisions.

"It takes away the task of having to try and make those intuitive decisions about selling and buying cattle without any solid market information," Warren said.

"Now we are putting our cattle in the yards knowing their weight, age, sex and breed, then going back into the

office and running that information through a KLR Marketing spreadsheet.

"That information can give us very surprising results at times and it's not always what we think!"

An example of how KLR Marketing helped improve the Thomas family's recent marketing decisions is clearly shown in a recent situation that they faced regarding the sale of dry cows.

Warren and Melissa had a good mob of cows that after a short inspection in the paddock led to an instinctive decision they would have to be held onto longer to gain extra weight. But, after running the actual figures through the KLR Marketing spreadsheet it was established that in today's market the sale of the cows and purchases of new, lighter weight female cattle would provide a better profit margin.

"The intuitive decision doesn't always put you in a good profit position because it isn't based on actual figures," Melissa said.

"We are still learning how to market cattle effectively in today's market and continue to explore many different buying and selling strategies," Warren said.

"The KLR Marketing system is completely different from what we are use to, especially from the perspective of an operator running a cattle breeding enterprise."



Warren and Melissa with daughter Jessica and livestock agent Cyril Close, TopX, Roma.



Warren and Melissa Thomas at their property Woonoona near Roma in Queensland.

But for the Thomas family, bringing together different cattle management strategies has been challenging. While the implementation of the new marketing concept has had its difficulties, the biggest challenge has been changing old mind-sets.

But, with the recent demonstration of KLR Marketing showing the Thomas family their dry cows should be sold rather than held for a longer time period, they are slowly beginning to change their mental perspective of cattle marketing.

"We spend a lot of time talking about how we are going to create different methodologies within our cattle business," Melissa said.

"I think the key is to open your mind to different types of management theories and then put each one of them to practise in your business to see how they work or don't work.

"We are always mindful of the need to create an entire management system that is workable and will fit our lifestyle and goals."

Warren commented that the best way to improve a business management strategy "is to get into your office and give the different concepts a go!"

"Another example is when we were recently looking at an agistment arrangement [to put some of their cattle on another person's property] and used the KLR Marketing cost analysis spreadsheet to establish the gains and losses from such a business deal," Warren said.

"Old messages about operating a cattle business can come flowing back, but using actual data and information in a structured marketing spreadsheet helps to keep all decisions to sell or buy or increase or decrease cattle numbers based on factual information," Melissa said.

"Our goal is to bring together many different concepts and theories to produce one financially viable cattle operation."

The Thomas family's livestock agent, Cyril Close from TopX Livestock and Real Estate at Roma, has found it easier

to establish an agreed cattle marketing program with his client when using the KLR Marketing concept.

"The system allows the producer to clearly see where they are going with their cattle marketing strategy before they actually go ahead and do it," Cyril said.

"With all the market information that is available these days it makes the KLR Marketing concept extremely effective when formulating cattle selling and buying analyses.

"As a livestock agent it is a great tool to be able to put the buying and selling profit equation onto paper for people to decide what is a beneficial or non-beneficial cattle sale or purchase."

Cyril commented that the livestock game is very competitive and he is using the KLR Marketing concept to try and establish a marketing edge for his clients.

"A lot of the producers that I work with who have adopted the KLR Marketing concept say it gives them an opportunity to learn about another management strategy that helps to improve their cattle business's profitability." ■