

# Breaking tradition improves profitability

BY MARTIN BUNYARD

Breaking away from traditional practices in the livestock industry has helped one cattle producer improve the profitability and viability of their beef business.

Jim and Terry Lindsay operate their cattle enterprise across two properties in northern Queensland. 'Landsborough Downs' and 'Kentle' are situated south of Hughenden. Across the 24,000 hectares, the Lindsays run 350 head of breeders and traded more than 5000 head of cattle last financial year.

What sets Mr Lindsay (pictured right) apart from other producers is his focus on 'price relationships' within his cattle business, instead of the end price for an animal. Mr Lindsay believes a profitable livestock business should be run in a way that clearly recognises over-priced and under-priced animals in relation to grass, money and other livestock.

"It's about knowing when animals are over-priced and under-priced and selling animals when they are over-priced and replacing them with an under-priced commodity," Mr Lindsay said.

"The key to making profit in the livestock industry is about being able to sell animals when they are over-priced."

Mr Lindsay's livestock marketing strategy is based on the sell/buy concept taught by KLR Marketing. The strategy uses a formula that determines if a certain set of livestock are over-priced or under-priced in the current livestock market. The formula helps producers understand their trading options by looking at live weight, sale price, cost of replacement stock, cattle growth rates, labour costs; and also expenses associated with the cattle, selling, buying and on-farm processing. Over the past five years the Lindsays have received a 40% net return on their livestock trading business.

The KLR Marketing concepts originated from Bud Williams who operates livestock marketing schools in the United States.

"The KLR Marketing strategy applies across the board in any type of livestock business," Mr Lindsay said.

"We have to be mindful that it applies just as much to someone who never buys an animal, such as a cattle breeder, as it does to someone who purchases an animal!

"People think KLR Marketing is just trading animals, but it's actually about learning to sell animals when they are over-priced and trading them with under-priced commodities such as grass, money or other livestock.

"It gives us a very clear decision-making tool for when and what to sell, plus extremely clear indicators of the time to sell."

Mr Lindsay has always wanted to continue learning new ways to improve his beef business.

"It's important to keep learning," he said.

The Lindsay family had previously done the Grazing for Profit School (GFP) taught by the Resource Consulting Service. Mr Lindsay felt he had control of certain aspects of his business including pasture management, livestock handling and his interaction with people. But, Mr Lindsay still believed he was a price taker in the beef industry and had no control over prices.

"I believed we just produced kilograms of beef and sold them for whatever price we could get for them," he said.

"We focused on screwing all our running costs and overheads down to the ground so the price received compared to the cost of production were so far apart that we made a profit.

"Profit from my livestock was the only thing I believed I didn't have control over, but the KLR Marketing method changed that for me!"

Mr Lindsay found the KLR Marketing strategy gave him the decision-making tools he needed to make his beef business more profitable.

"The big plus is that it's not only profitable, but I can honestly say that I don't care what happens to cattle prices! If they go up or down it really doesn't bother me!"



"Any producer of food is forever bothered about what the price is going to be whether it's beef, oranges or lamb.

"The most common question asked is 'what's the job going to do!'"

Using the KLR Marketing strategy has got the Lindsay family focused on profitability in their business and not on production. While Mr Lindsay believes the production side of his business is important to the overall success, it's not his main focus.

"I view the production side of the business as being able to move the animals up a class," Mr Lindsay said.

"The production aspects of the operation are extremely important; however, it's not the focus and is seen as more of a bonus!"

Mr Lindsay added that adopting the KLR Marketing method wasn't easy at first because it meant breaking traditional habits of operating in a production paradigm.

"As producers we are generally focused on the end price and not the price relationship between what we have to sell and what we have to keep or buy," he said.

"The profitability from using the KLR Marketing strategy has given us the ability to better manage our land.

"If a livestock operation isn't profitable then it's difficult to invest in infrastructure and practices that help manage the land and pasture more effectively." ■