



Ranching with a Sharp Pencil

RIGHTRISK™

High Plains Ranch

Practice Using Numbers for Ranch Decisions

Jay Parsons

Risk Management Specialist

RightRisk LLC

June 9, 2011

Thedford, NE

RIGHTRISK™

RMA

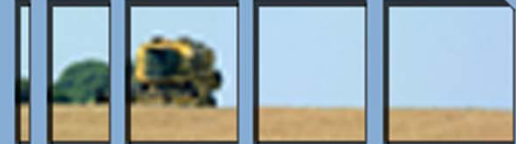
UNIVERSITY OF
Nebraska
Lincoln EXTENSION

www.AgSurvivor.com



AG SURVIVOR

Scenario Selection



[Home](#)

[About](#)

[Discussion](#)

[Risk Navigator](#)

[People](#)

[Workshops](#)

[Sponsors](#)

**Your Ad
Could Be
Here!!**

Presented by

RightRisk

www.RightRisk.org



**Manage
Operational Risk**
Learn the Principles
for Effective
Operational Risk
Mgmt. Whitepaper.
www.OpenPages.co...

[AdChoices](#)

King Family
Ranch

Wheatfields

Lazy U
Ranch

Public
Lands

Bar BQ
Ranch

EWS Farms

Click

Next -->

[Home](#) | [About](#) | [Risk Navigator](#) | [People](#) | [Workshops](#) | [Sponsors](#)

Website by [Optimal Ag Consulting, Inc.](#) All Rights Reserved.

RightRisk

RMA

UNIVERSITY OF
Nebraska
Lincoln

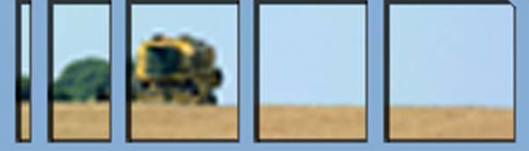
EXTENSION

www.AgSurvivor.com



AG SURVIVOR

Scenario Selection



[Home](#)

[About](#)

[Discussion](#)

[Risk Navigator](#)

[People](#)

[Workshops](#)

[Sponsors](#)

**Your Ad
Could Be
Here!!**

Presented by

RightRisk

www.RightRisk.org



**Manage
Operational Risk**
Learn the Principles
for Effective
Operational Risk
Mgmt. Whitepaper.
www.OpenPages.co...



AdChoices

<-- Prev



Mountain
View Farms



Big Horn
Farms



Oasis
Ranch



High Plains
Ranch



Chesapeake
Maryland Farm

Click

[Home](#) | [About](#) | [Risk Navigator](#) | [People](#) | [Workshops](#) | [Sponsors](#)

Website by [Optimal Ag Consulting, Inc.](#) All Rights Reserved.

RightRisk

RMA

UNIVERSITY OF
Nebraska
Lincoln

EXTENSION



AG SURVIVOR

High Plains Ranch



[Home](#)

[About](#)

[Discussion](#)

[Risk Navigator](#)

[People](#)

[Workshops](#)

[Sponsors](#)



Presented by



High Plains Ranch

A Southern Wyoming Cattle Ranch
Risk Simulation Scenario

The High Plains Ranch is a cow/calf/hay operation in the Rocky Mountain west. The ranch runs 500 mother beef cows on 16,200 acres of public and private grazing lands. They typically calve in February-March and sell weaned calves in October. They also raise 350 acres of hay each year using most of their production as winter feed for their cows.

Click to
Play

Play

Click to
Read

Scenario Guide



[Home](#) | [About](#) | [Risk Navigator](#) | [People](#) | [Workshops](#) | [Sponsors](#)

Website by [Optimal Ag Consulting, Inc.](#) All Rights Reserved.



General

General Information

Crop Enterprise: Hay

Crop acres: 350 acres
 Production cost per acre: \$70
 Inventory: 875 tons

Normal annual yield: 2.5 tons
 Initial market price: \$105.00 per ton
 Annual government payment: \$0

Livestock Enterprise: Cows

Quantity: 500 head
 Production cost per unit: \$250
 Annual Hay Consumption per unit: 1.65 tons
 Replacement percentage: 14.0 %
 Sale weight per cull unit: 1110 lbs.
 Grazing Resources: 4500 AUMs

Output unit: Weaned Calves
 Weaning percentage: 94.0 %
 Output weight per unit: 550 lbs.
 Initial Output market price: \$100.00 per cwt.
 Cull market price: \$48.00 per cwt.
 Average Grazing Cost: \$11.00 per AUM

Expected Revenues

Sales	Units	head	Revenue
Weaned Calves	400	head	\$220,000.00
Cull Cows	70	head	\$37,296.00
Hay	50	tons	\$5,250.00
Annual Total:			\$262,546.00

Expected Expenses

	Units	head	Expense
Cows	500	head	\$125,000.00
Hay	350	acres	\$24,500.00
Grazing	4500	AUMs	\$49,500.00
Annual Total:			\$199,000.00

Expected Annual Net Farm Income: \$63,546.00
 Expected 2 Year Total Annual Net Farm Income: \$127,092.00

NEXT ►►

Exit

Version 3.1 Copyright © 2011 [RightRisk](#)



Decisions

Year 1: Sep. 30 - Mar. 15

Decision 1

Decision 2

Pasture, Rangeland, and Forage - Vegetative Index (PRF-VI) Insurance ([more...](#))

Index Interval Apr-Jun May-Jul Jun-Aug Jul-Sep Aug-Oct Total Coverage Level (%):

% of Acres

Select

Insured Acres

Producer Premium

Submit

RISKS

Risk 1 (Winter Conditions)

Severe winter
Normal winter
Milder than normal

Probability
20%
65%
15%

Price
-2.0%
-2.0%
-2.0%

Weaned Calves
Weaning %
Weaning Wt

Hay
Price
+\$15.00
-\$10.00
-\$20.00

Hay
Use
+50
-50
-50

Grazing
AUMs

Risk 2 (Corn Planting Intentions)

High acreage
Expected acreage
Low acreage

Probability
20%
60%
20%

Price
+\$15.00
+\$5.00
+\$5.00

Weaned Calves
Weaning %
Weaning Wt

Hay
Price
-\$5.00
+\$5.00
+\$10.00

Hay
Use

Grazing
AUMs

Dashboard

Commodity	Cash Price	Contract Price	Current Inventory	Expected Harvest	Expected Feed Use	Contract Quantity	Average Contract Price
Hay	\$105.00		875		825		
Weaned Calves	\$100.00						
Grazing			4,500				
Bank Balance						-\$199,000.00	

? Advice

Research

Trend

NEXT

Practicing Risk Management without Loosing Your Shirt

Let the games begin!