



Holly Foster, MS  
Robert Foster Ranch  
Doing Business Since 1888

# REALITIES OF RANCHING FOR THE NEXT GENERATION

# ROBERT FOSTER RANCH BEGINNINGS

- ò Since 1888 (first property recorded)
- ò Robert Mowe Foster (b. 1858 d.1932)
- ò Sheldon L. Foster War World I Draft Card (1918) – Occupation: Cattle Raiser



# FIVE GENERATIONS



# VERTICALLY INTEGRATED

- o Direct marketing at its finest



# RANCHERS TODAY

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- ò 54 percent of U.S. cattle farms and ranches have been in the same family for three generations or more.
- ò According to USDA's 2007 Census of Agriculture, the average age of the American farmer is 57 years old.
- ò The average age for farmers has been above 50 since the 1974 Census of Agriculture and has increased in each census since that time.

# BARRIERS TO ENTRY

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- ò Capital investment
- ò Credit/financing
- ò Loss of rangeland to other uses
- ò Marginal return on investment
- ò Estate tax
- ò Lack of political will to preserve critical masses of agricultural land (e.g. Williamson Act)

# WHY COME BACK?

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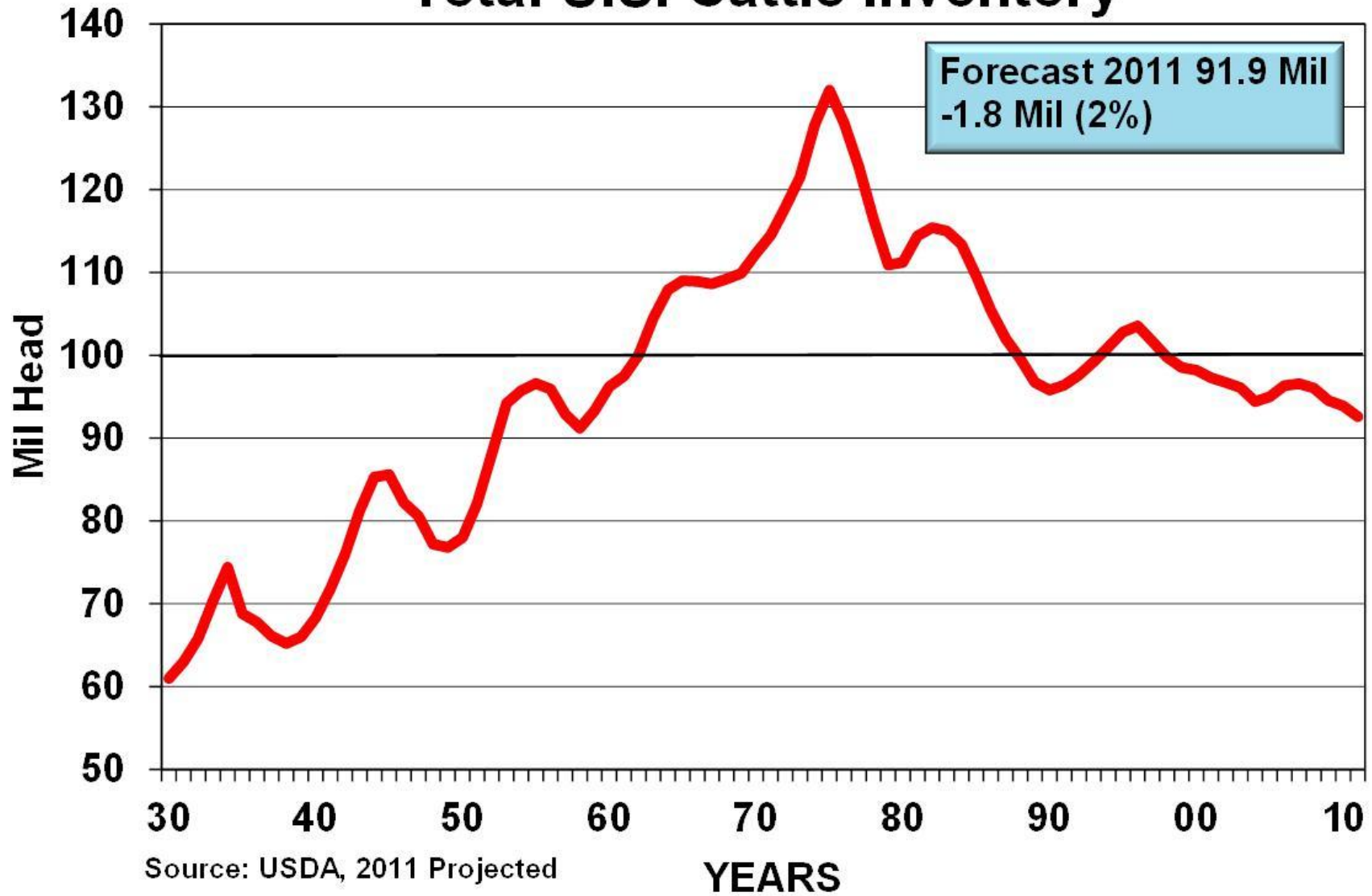




RANCHING ECONOMICS 101



# Total U.S. Cattle Inventory



# Beef Cow Operations



# ECONOMIES OF SCALE

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ò From 2000 to 2011:

- É Operations with 1 to 99 beef cows declined by 84,700 and reduced U.S. beef cow inventories by 2.075 million head
- É Operations with 100 to 499 cows declined by 4,700 and decreased inventories by 400,000
- É Beef operations with 500 or more cows increased by 200 and added 272,000 head to inventories (CattleFax)

ò Why?

- É Herds with more than 500 cows, on average, have lower raised and purchased feed costs, lower total costs, and lower costs of production (McGrann et. al.)
- É Herds in the top quartile of net income had:
  - Đ Higher production performance
  - Đ Lower feed costs
  - Đ Lower fixed costs

ò As we continue to see fixed and variable costs rise (feed, fuel, etc.), smaller producers cannot absorb the increase.

ò Margins mean we must manage our costs as efficiently as possible

# CALIFORNIA'S COMPETITIVE DISADVANTAGE

- ò Freight
- ò Feed
- ò Federally inspected harvest facilities

## Cow Cost:

- Northwest - \$399
- U.C. Davis study \$574 (2008)
- Southwest - \$380
- Midwest - \$366
- Southern Plains - \$359
- Southeast - \$328
- Source: CattleFax (2007)



Pomp and Sheldon, 1916.

# COST: ENEMY NUMBER ONE

## Top five ways to reduce costs:

- Reduce harvested and supplemental feed costs
- Better pasture management
- Use the right genetics
- Reduce labor costs
- Implement an effective herd health program
- Source: T.G. Field

1964

TODAY

ò Steer averaging 675 lbs \*  
0.18 per pound (Chico Meat  
Co.)

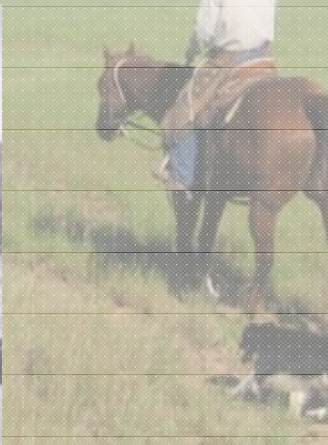
ò \$1.28 to 1.49 depending on  
quality

ò Chevy pickup - \$3,500

ò \$45,000

ò Gallon of gas - \$0.25

ò Gallon of gas - \$3.70



"IT AIN'T LIKE IT USED TO BE"

# RANCHERS: MAKING A LIVING ISN'T A CRIME, AND IS GOOD FOR HABITAT.

- o "...working ranches as long-term, economically viable enterprises, while maintaining unfragmented landscapes, and restoring native ecosystems." – Diablo Trust



# ROBERT FOSTER RANCH TODAY



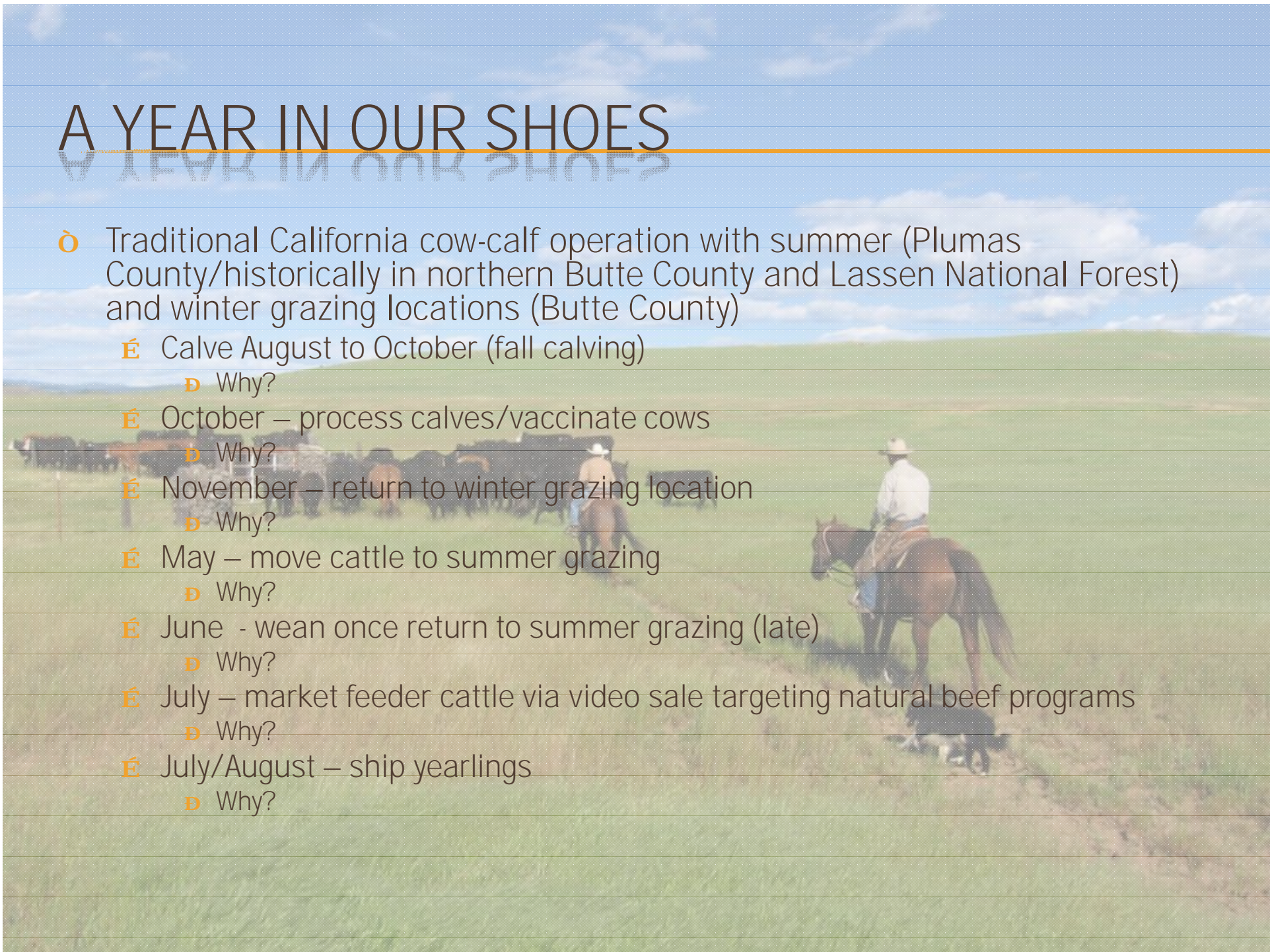
- ò Multi-generational
- ò Trying to grow
- ò Uncertainty and volatility
- ò Creative
  - É Unlikely partners
- ò Goal = preserve a way of life and the open space that our ranch represents, and make a living doing it.



# A YEAR IN OUR SHOES

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- ò Traditional California cow-calf operation with summer (Plumas County/historically in northern Butte County and Lassen National Forest) and winter grazing locations (Butte County)
  - É Calve August to October (fall calving)
    - Đ Why?
  - É October – process calves/vaccinate cows
    - Đ Why?
  - É November – return to winter grazing location
    - Đ Why?
  - É May – move cattle to summer grazing
    - Đ Why?
  - É June - wean once return to summer grazing (late)
    - Đ Why?
  - É July – market feeder cattle via video sale targeting natural beef programs
    - Đ Why?
  - É July/August – ship yearlings
    - Đ Why?



# CATTLE AND CONSERVATION

- ò Matching conservation goals with production goals
- ò Challenges and opportunity
- ò Compatible or incompatible





CHALLENGE TO YOU: CONSERVATION GOALS MUST MEET ECONOMIC REALITIES

# WIDE OPEN SPACES

courtesy of your local cattlemen.



**BUTTE COUNTY CATTLEMEN'S &  
CATTLEWOMEN'S ASSOCIATIONS**

QUESTIONS?

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