

Strategies to Increase the Profitability of Extensive Beef Businesses

The findings of the Northern Beef Report show that there are some beef businesses that are currently highly profitable. These businesses are able to provide for the needs and aspirations of their owners now and into the future.

They are, however, in the minority! There are significant opportunities to improve the performance of beef businesses across the northern industry.

So what can you do to improve the performance of your business so that it can provide for the needs of your family?

Ian McLean, of Bush AgriBusiness Pty Ltd addressed this in a recent Beef Connect webinar titled, 'Strategies to Increase the Profitability of Extensive Beef Businesses', which identified the following seven key strategies.

1. *Run as many Adult Equivalents as you can, but no more than you should.*

Determine your long Term Carrying Capacity (LTCC) and Land Condition. Then;

- base long term planning around LTCC,
- match stocking rate to available feed in the short term,
- maintain land in good condition and improve land not in good condition

2. *Focus on maximising the kilograms of beef you produce in the long term (Kg Beef/AE).*

This is the most effective way to increase the income of a beef business

3. *Ruthlessly scrutinise, and optimise, herd expenditure.*

Every dollar spent must return much more than one dollar.

4. *Achieve Labour Efficiency of 1,500 or more Adult Equivalents for every Full Time Equivalent of labour.*

Labour has tentacles which go throughout the cost structure of a beef business. At any given scale, reducing labour is the most effective way to lower the overhead costs of a beef business.

5. *Honestly assess your situation with regard to scale.*

Determine if you have a part time job or a standalone business that either has sufficient scale, or has the capacity to profitably grow.

6. *Don't pay too much for land.*

Do sums very carefully when buying land, or considering any major capital investment.

What you can afford to pay for it will be a function of what it will make you and what return you require on your investment.

7. *Become a professional business manager.*

Acquire the knowledge and skills required to successfully run a multi-million dollar business in the 21st century.

These are not the same as the knowledge and skills required to successfully run a cattle station in the 20th century.

These strategies, and why they are important, are detailed in the webinar, a recording of which is available on the FutureBeef website, www.futurebeef.com.au. This webinar was brought to you through a partnership between FutureBeef and Beef Central, with funding from the Queensland Government and Meat & Livestock Australia.