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### **Investing in the Operation**

The old saying “don’t count your chickens before they hatch” comes to mind, but high calf prices being reported gives positive indication for possible profitability in the cow/calf sector in the coming months. Livestock producers often live on very thin margins and it is often a rare opportunity when there is extra capital to invest back into the operation. There is never a shortage of places to spend money, but following are some thoughts on places to invest profit. These are ten common questions one might ask, yours’ might be slightly different, but the time to ask them is now. Thinking ahead and coming up with a plan for profits can increase the long-term impact on operational profitability and sustainability.

1. Do you know if you even have a profit? If your current recordkeeping and/or accounting system is not what it should be to help you manage and make decisions, now might be the time to invest in accounting tools or hire a trained professional to help on money matters.
2. Is your balance sheet looking healthy? Talk to your lender, tax accountant or other financial managers who can help you evaluate your current financial position and address what potential income can mean for tax liability in 2023.
3. Need a tractor, pickup or other equipment upgrade? Now may be the time, but be careful. Cost like depreciation, interest, repairs, taxes, insurance, etc... often negatively affect long-term profitability. These investments need to help reduce expenses, not add to them.
4. What shape are your animal handling facilities in? Would improvements provide a safer environment and better working experience for animals and people alike? Could your chute be upgraded? Scales be added to track weights and correctly dose medication?
5. How are your watering systems? Do you have adequate water developments in pastures and pens? Water supply is critical and often a limiting factor for effective grazing management. Remote water monitoring system technology should be considered too.
6. Are fences doing their job and in the right place? Consider purchasing fencing supplies with extra funds. Permanent and flexible fencing strategies will give positive return on investment with improved grazing distribution and forage management.
7. Do you have the ability to store bulk commodities or other inputs? Often having the ability to buy truckloads of product gives a cost savings. Would an investment in this area reduce cost of production and provide more opportunity when purchasing inputs?
8. Happy with the productivity of pastures? Now is a good time to invest in soil fertility programs and pasture renovations such as reseeding, adding plant diversity, brush control and incorporating legumes, to improve the quantity and quality of forage production.
9. Have you been avoiding discussions of the future? If you’ve been putting off developing a business transition plan, now may be the time to invest in this process. Seek out and hire legal advice, if warranted, to review and evaluate estate and business plans.
10. When is the last time you gave yourself or employees a raise, bonus, or a vacation? Rewarding the commitment to those who contribute to the hard work of raising livestock will only help keep them encouraged and working hard. It is often family members who contribute blood, sweat and tears over long, hard hours, for little to no direct pay. Show them appreciation and recognize efforts in the good times to help through leaner times.