

Matching Enterprises to Resources

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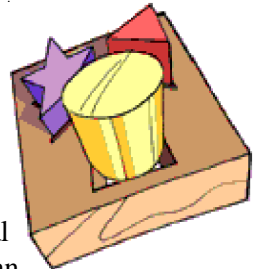
Like a lot of people, I played a little poker when I was younger. One of my favorite games was five card draw. The chief advantage of this game was if you didn't like the hand you drew, you could discard and receive three different cards (four if you played with the guys I played with).

Another favorite game, but tougher to play, was five card stud; you received five cards, but you played only those cards. With five card stud, you learned to play a lot more carefully since there was no asking for replacement cards.

Owning land is a lot like playing five card stud. Your purchase is for a very specific set of resources, which includes soil, water, location and climate. Each particular combination of resources generally lends itself best to one type of production system. The challenge for each individual landowner is to figure out which system is right for his/her particular set of resources.

Square pegs and round holes

Interestingly, instead of playing to this strong suit (to use the poker analogy) and using the land for what it is best adapted, many landowners attempt to make a landscape do something that is out on the fringe of possibility. It is sort of like trying to drive the proverbial square peg through the proverbial round hole.



Rural land ownership is changing these days. People who have never lived in rural communities are becoming interested in purchasing rural property, either as an investment or to engage in some type of agricultural enterprise. There are also individuals who left the farm/ranch as a young person, went to town to make a living and are now considering returning to their rural roots.

In either case, a land purchase is a very real potential in the near future. Prior to making a land purchase, however, the following questions should be addressed:

- ✓ Why do you want to own land?
- ✓ What do you expect to accomplish with the land?
- ✓ What are the constraints (money, climate, soil) to achieving your goals?
- ✓ Do you expect or need to make money from the land?
- ✓ Or is the purchase designed to provide a tax write-off?

If the land purchase is merely to provide an aesthetically pleasing place for weekend getaways, almost any tract of land will suffice. If, on the other hand, the land is expected to produce revenue, the potential purchaser needs to become rather picky about what and where to purchase.

Remember, once the land is purchased, it is rather like a spouse in that it is difficult to affect much in the way of a basic change.

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If the potential landowner has an interest in beef cattle production (a rather popular option in Texas), high priority should be placed on the forage production capability and inherent fertility of the land. Soils that are either extremely sandy or extremely tight can challenge the livestock producer more than it can help in many instances.

Many times, unsuspecting buyers purchase land based solely on aesthetics or location and never consider the production capability of the soil. Livestock producers, now more than ever, must rely heavily on forage in the pasture to minimize input costs.

Sites with high forage production potential should be preferred over less productive sites and, in many instances, the better land sells for the same price. If a person is considering a land purchase, he should not be misled by anxious real estate agents that have little or no understanding about such issues as soil type, inherent fertility, moisture holding capability, etc.

Get your soil survey

Instead, potential land purchasers should contact a professional who can help them make a wise investment regarding the purchase of a productive piece of property. Especially valuable, if available for that particular county, is the Standard Soil Survey provided free of charge by the U.S. Department of Agriculture's Natural Resource Conservation Service.

This book has a wealth of information regarding soil types, soil texture, soil depth, inherent soil fertility, soil pH, the soil's ability to hold moisture, best use for the soil type, etc. With a Standard Soil Survey in hand, even without professional consultation, you are much better equipped to make a rational decision regarding the potential purchase of a particular tract of land.

"But I already own my land," you say. "What should I do?"

With the help of someone you trust, critically assess your current program and decide if it is appropriate for your particular piece of land. This practice of constantly evaluating the production program should be a routine part of every management plan.

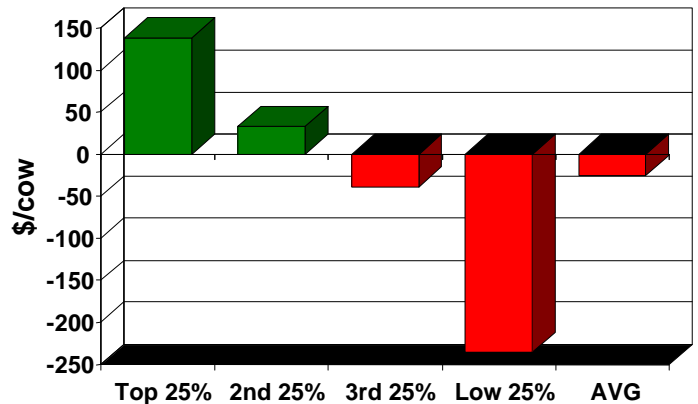
Ask yourself whether or not the program is succeeding or failing? Is the enterprise fun or not? In Texas, the prevailing attitude is that every piece of land should be stocked with cattle. But, in many instances, this is very reminiscent of attempting to drive that square peg through the round hole.

Many landscapes are not suited to beef cattle production.

Even if you currently operate a beef cattle production system, you may be pouring a lot of good money into the operation,

but realizing little or no return compared to other potential enterprises (see Figure 1). Based on each landowner's goals and objectives, realizing an economic return may not be important, but could be critical for many prospective purchasers.

Figure 1. Annual income (\$/cow) for cow-calf production. Texas 1991-2001. McGrann, 2002



If there is an interest in an economic return, other enterprises may hold more profit potential. Although many find even the words unpalatable, meat goats are a growth industry in Texas with good profit potential. Likewise, production of venison from nonnative deer such as fallow or red deer holds the promise of higher rates of return on the investment.

Such livestock production systems may prove to be more economically viable. They also lend themselves particularly well to smaller tracts of land.

When considering the big picture, however, and not just livestock production, other enterprises should be considered. Niche hay markets targeting the horse or dairy industry come to mind. Many horticultural enterprises also have the potential for good rates of return, depending on the crop.

Ecotourism

When ecotourism aspects are considered, some parcels of land that contain sites of historical or archaeological interest can be developed as a public attraction, with an appropriate admission fee. Simply providing quality campgrounds or bed and breakfast opportunities has provided good income for many Texas landowners.

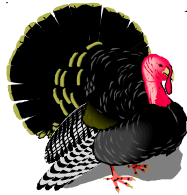
Currently, the alternative enterprise for many Texas landowners involves wildlife. Land that is not suitable for farming or beef cattle production lends itself to the development of wildlife programs. The reasons for the incompatibility with more traditional agriculture programs can include unsuitable soils for forage production, relief, climate, or other factors.

Although several Texas ranches have realized good income from sport hunting leases for many years, others are just discovering the wildlife windfall that has, in many cases, been taken for granted or given away.

Wildlife can be utilized in two basic ways. There is consumptive use (hunting) and non-consumption use (viewing). Consumptive use seeks to provide a sustained yield of desirable species such as the white-tailed deer, mule deer, antelope, wild turkey, quail, or nonnative species for both resident and nonresident hunters.



This is a big business in Texas and is becoming increasingly important each year. Fisheries developed in conjunction with or exclusive of other wildlife enterprises also provide good income to many landowners.



Non-consumptive use of wildlife generally offers the urban public an opportunity to simply observe wild animals in their natural (or in some cases, not so natural) element.

These photo safaris include not only the larger game species such as deer and turkey, but also non-game and endangered species.

Whereas once regarded as a negative, landscapes that provide homes to endangered species can provide good income for the landowner who allows groups such as the Audubon Society or Nature Conservancy to bring their members for observation of species that are low in numbers.

Members of these and other organizations desire to observe as many species as possible. Thus, whether hunted or simply observed, there is a great potential for wildlife species to provide revenue to many Texas landowners.

Am I trying to talk you out of being in the cattle business? Absolutely not! Even though it is difficult to realize a profit with traditional cow/calf programs, there are many other reasons to own cattle. The lifestyle alone is reward enough for many. Ranches also provide an opportunity for relaxation and recharging both mental and physical batteries after a week in the fast lane of the larger urban areas.

If you enjoy raising cattle, by all means do it! The purpose of this short treatise is simply to inform you of the many land use alternatives that can provide additional revenue from the ranch, many times in conjunction with your present livestock production system.

Things just seem to go better, though, when our production systems are in line with the productive capabilities of the landscape. Rather than work against Mother Nature, which is usually a very costly and losing proposition, consider your particular set of resources and play to your strong suit.

Chances are there will be less struggle, more potential for profit, and a greater satisfaction knowing you are using your land resources to its best capability.

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