



Unit cost of production program provides

### Situation:

Ranching is a complex business that involves multiple resources and long-range planning. Even a savvy businessman can become overwhelmed by the complexities involving heifer development, land appreciation, and allocation of resources to multiple enterprises. However, for ranchers to conduct an analysis of their businesses, they must be able to handle these things in a way that makes sense and provide opportunities to understand where the income is coming from and where the costs of running the business are going.

Southeast Wyoming Area extension educator Dallas Mount updated the work of well-known livestock economist Harlan Hughes to fit today's livestock production environment. This ranch financial analysis tool is known as the Unit Cost of Production (UCOP) model and has been used in each of the last three High Plains Ranch Practicum schools conducted by the University of Wyoming Cooperative Extension Service and Nebraska Extension. The UCOP model has proven very popular among ranchers as it allows producers to compare the financial performance of their ranches with that of other ranches in the model. This comparison is known as benchmarking and allows ranchers to identify where their costs are high and where their costs are low, allowing them to identify areas needing management attention.

Unit Cost of Production lessons and information were available to ranchers in a variety of ways: the full ranch practicum school included approximately two full days of instruction and practice on UCOP; a series of one-day sustainable ranching schools were delivered to seven communities; five one-hour workshops at various venues; and YouTube videos and a website hosting material. Approximately 135 received in-person training on the tool, 630 watched the YouTube video, and 1,100 people downloaded tools and information from the website. Those who received in-person training were asked questions about the usefulness of the tool and its effects on their abilities to efficiently manage their ranches.

### Impacts:

Those who attended the one-day Sustainable Ranching School were asked what actions they would take as a result of attending the class. Twelve individuals mentioned performing a UCOP as a specific action they planned to take. Dallas Mount also conducted 10 individual UCOP assessments for ranchers during 2009-2010.

The knowledge gained in the class helped the 22 students increase their ranch operation profits by an average of \$25 per head. The total estimated economic impact for producers attending the High Plains Ranch Practicum would be \$195,000.

Before the practicum, only 10 percent of participants stated they often used UCOP in decision making; after attending the practicum, 100 percent indicated they would often or almost always use UCOP in their decision making.

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