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Custom grazing contracts: Successful models to grow profit, avoid pitfalls

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Custom grazing contracts: Successful models to grow profit, avoid pitfalls

Abstract

After conducting interviews with 43 Iowa graziers, the investigators developed fact sheets and a checklist to help other graziers make their operations more effective.

Keywords

Animal management and forage, Business management distribution and marketing

Disciplines

Agribusiness | Business Administration, Management, and Operations | Marketing



Custom grazing contracts: successful models to grow profit, avoid pitfalls

Abstract: After conducting interviews with 43 Iowa graziers, the investigators developed fact sheets and a checklist to help other graziers make their operations more effective.

Principal Investigator:

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Practical Farmers of Iowa
Ames

Co-investigator:
Joe Sellers
ISU Extension
Chariton

Budget:
\$24,992 for year one

Q How can custom grazing contracts be improved to help graziers' profitability?

A Recommendations developed through the project included: Having a written agreement; regular communications between the partners; making sure all costs are covered, including extra labor to handle/process cattle and realistic feed costs; and matching the carrying capacity of the pasture to the cattle and grazing season.



ECOLOGY

Background

Iowa has a declining number of acres devoted to pasture, many Conservation Reserve Program (CRP) contracts have expired, the farmer population is aging, and the number of non-resident and recreational landowners has increased. Those interested in using CRP land for pasture or hay or expanding their operations to include cattle production need more information about successful models for custom grazing in Iowa.

To lower the risks for graziers and landowners and improve the profitability and environmental quality of grazing lands, graziers need more solidly researched information. Producers need to know what fees and services are typical for custom grazing or leasing arrangements. They also need to be aware of the desirability of written contracts, which offer clarity to both parties, and they need to be able to examine sample grazing contracts.

The project objectives were to:

1. Evaluate existing grazing arrangements and develop recommendations for improving those operations,
2. Reach 700 farmers/graziers with information on successful models for custom grazing contracts in Iowa, and
3. Facilitate farmer-to-farmer networking and profitable business arrangements between custom grazing operations and landowners.

Approach and methods

A survey instrument was developed for use in face-to-face interviews. It collected information on demographics, management practices, stocking rates, fees and services provided. A contact list of potential custom operators was compiled from PFI, ISU Extension, and the USDA Natural Resources Conservation Service. Forty-three surveys were completed out of 77 contacts. Because of the complexity of the responses, summarizing the data was difficult.



*Neal Sawyer, PFI member,
and his farm*

Results and discussion

The first portion of the project yielded these results:

- Three Iowa Beef Center publications were generated:

Demographics and Management Practices (<http://www.leopold.iastate.edu/pubs-and-papers/2007-11-custom-grazing-survey-demographics>)

Stocking Rates, Fees and Services (<http://www.leopold.iastate.edu/pubs-and-papers/2007-11-custom-grazing-survey-stocking>); and Strategies and Implications (<http://www.leopold.iastate.edu/pubs-and-papers/2007-11-custom-grazing-survey-strategies>); A Check

Sheet for Grazing Use Agreements was prepared and distributed by PFI, ISUE, and NRCS.

- A brochure on “Benefits of grazing CRP for recreational landowners” was developed and distributed by NRCS, ISU Extension and Department of Natural Resources staff.

Iowa State University Extension had funds remaining after this work was completed and received a project extension from the Leopold Center to work on wildlife and grazing. They were able to complete the following activities:

- A focus group roundtable discussion occurred with producers and agency staff to discuss land management, grazing, pasture access, wildlife and pastures, with an action plan for a targeted area of south central Iowa. Informational materials were provided to the participants.
- Three educational programs on Managed Grazing for Cows, Birds and Wildlife were held, two for the public and one for agency staff.
- In winter 2009, four meetings were held targeting the crop insurance company ProAg’s audiences in four counties. The goal was to raise awareness of wildlife, especially quail habitat and compatibility pluses for grazing cattle and raising quail.
- Three sessions with grazing consultant Greg Judy were provided, one for resource staff and two for producers.

Impact of results

Several recommendations that were developed as a result of the project were shared extensively with farmers:

- o Know your client.
- o Know the cattle.
- o Have a written agreement.
- o Match the carrying capacity of the pasture to the cattle and grazing season.
- o Protect your income interest by filing notice under the Uniform Commercial Code.
- o Communicate with the owner regularly to establish a trusting relationship.
- o Make sure you cover all your costs, including charges for extra labor to handle/process cattle and the feed costs.
- o Consider surcharges or incentive payments as a reward for better management or for extra labor.



Education and outreach

Survey information was presented by Joe Sellers at a number of events: Iowa Cattlemen's Association, PFI annual conference, three producer meetings, a veterinary training session, and ISU staff meeting. Sellers also reported on the survey results at three pasture walks and at three cow-calf meetings, as well as an Extension in-service training meeting.

*Neal Sawyer, PFI member,
and his farm*

Leveraged funds

No additional funds were leveraged by this project, but PFI and ISUE have continued their work on grazing to include a quail habitat cluster and an Iowa Forage and Grassland Council workshop in 2009.

***For more information,
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