



Our customers are the most profitable cow-calf producers in the world.

Spending Your Windfall Profits

By Kit Pharo



A windfall profit is an unexpected increase in income. It is usually created by a circumstance that was not controlled by the person profiting from it. If you are a cow-calf producer, you are receiving windfall profits that have little to do with anything you did. We have been receiving record-high prices for our calves for nearly two years. This is simply a result of supply and demand. Cow numbers are lower than they've been for 73 years. Consequently, calf prices are higher than they've ever been!

It looks as though we will continue to receive windfall profits for at least two more years. This is great! Please keep in mind, though, that you can only throw a rock up so high before it starts falling back to the ground. This well-established truth also applies to cattle prices. Cattle prices can only go so high before they start falling. When they fall, they usually fall like a rock — catching most producers totally off guard. Therefore, I encourage you to take advantage of these high prices while they last. Fix what needs fixed. Change what needs changed. Pay off your debts — and then make some smart investments. It would be a shame to look back five years from now and realize you have little to show for all the blessings you are currently receiving.

Unfortunately, it's human nature to fritter away any extra money we make. Allow me to give you a cowboy paraphrase of Ecclesiastes 5:11: "*As income increases, spending increases.*" Spending money is easy. Spending money wisely, however, is not so easy. Making the most of our windfall profits will require extreme discipline on our part. It would seem logical to use our windfall profits to purchase things we *need*. The problem with that is most people struggle to distinguish the difference between what they *need* and what they *want*. I know from personal experience that it is very difficult not to *need* the things I really *want*. Since our window of opportunity is so short, we need to create a plan of action and diligently follow through with it.

Invest in your future profitability. First and foremost, you need to insure you will have a very profitable business 10 years from now. The last time we were in a situation like this, the value of our calves was quickly cut in half. Can you remain profitable with calves that are only worth half what they are worth today? If not, you must take advantage of these windfall profits to fix what needs to be fixed. Making those changes after cattle prices fall will be impossible because survival will take precedence over all else. Most cow-calf producers need to drastically reduce their dependence on outside inputs while at the same time increasing their production per acre. Pharo Cattle Company has the genetics and the philosophies you need to produce more for less!

Don't make the wrong things easy. For example, if you make it easy to put up hay and/or to feed hay, you are creating a money-losing program that revolves around feeding hay. As the cost of land, fuel, equipment and labor continues to increase, your business will become less and less profitable. Instead, I strongly urge you to invest in education and infrastructure (fence and water development) that will make it possible for you to increase grass and beef production by 50 to over 200 percent. The money you invest in a properly-managed rotational grazing system will provide huge returns on your investment year after year after year — forever! Best of all, it is powered by free solar energy.

"At the end of the day, let there be no excuses and no regrets."

~ Steve Maraboli ~

FOUR Fall Bull Sales

Burlington, CO — November 4

Letohatchee, AL — November 9

Three Forks, MT — November 16

Valentine, NE — November 23

- **550** Bulls — Angus, Red Angus, South Poll, Polled Hereford and Heat-Tolerant
- Guaranteed Calving Ease
- Developed Slowly and Naturally on Grass
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- Evaluated for Disposition, Thickness, Muscling, Masculinity, Fleshing Ability, Grass Efficiency, Hair Coat, Fly Resistance and Much More
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Our Mission: Help ranchers put more fun and profit into their business.

Call or Email for a Free Subscription

Get Out...

While the Getting is Good

Not all cow-calf producers have windfall profits to deal with. Their inputs and cost of production are too high.

If you're not making boatloads of money during these Best of Times, you won't survive the upcoming fall in cattle prices. Therefore, I strongly urge you to get out while the getting is good. Cattle and land prices have never been this high before! Don't wait until you are forced to sell at the bottom of the market.

Commit to Your Future

By Kit Pharo

I think everyone has some dreams and aspirations. Unfortunately, most people never commit to their dreams and aspirations because they are afraid of failure. If you never commit to something, you will always be able to find an excuse. In contrast, when you are totally committed to something, you will tolerate no excuses.

What would you attempt to do if you knew you could not fail? I encourage you to make a list of things you would do if you knew you could not fail. Once you have done that, I challenge you to commit to one of those things and **MAKE IT HAPPEN!** What have you got to lose? What's the worst that can happen? Commit to your future!

Genetic Fly Resistance

What a novel idea! While others continue to treat the symptoms of the problem with toxic chemicals, we're helping you solve the problem with genetics.

We have satellite cowherds in 13 different states — from Minnesota to Texas and from Alabama to Montana. Most of those herds have gone two decades without being treated for parasites.

Genetic parasite resistance is one of many areas in which Pharo Cattle Company has assumed the leadership position. In the last 18 years, we've evaluated and scored over 16,000 bulls for genetic fly resistance.



Loving the Heat

We will be selling over 70 South Poll and Heat-Tolerant Bulls in our Alabama Bull Sale on November 9th.

If you are not receiving our weekly emails, send us your email address.

Windfall Profits (continued from page 1)

I would be very cautious about buying things that rust, rot and depreciate. That's going to be tough for some. The primary difference between men and boys is the size of their toys. However, you will never receive a return on the money you spend on vehicles and equipment. No matter what your banker says, they are a liability — not an asset. Most farmers and ranchers also have a tendency to spend money on vehicles and equipment to avoid paying taxes. I would much rather pay my taxes and save the remaining money for something that *will* have a return on investment.



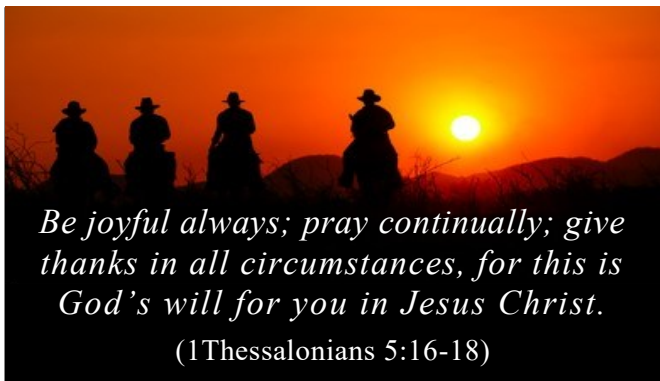
In most cases, it makes sense to use some of your newfound money to pay off some or all of your debt. Interest rates are higher today than they have been for several years. Borrowing money only makes sense if you are guaranteed to make money with the money you borrow. Those investments are very hard to find. The Bible says, "*The borrower is slave to the lender.*" It is impossible to function at your very best when you are a slave to someone else. Being debt free may liberate your mind and help you see opportunities you could not see before.

When deciding how to spend your windfall profits, your first goal should be to create a very profitable, enjoyable and sustainable business — one the next generation will be excited to become a part of. Your farm or ranch needs to continue to be profitable when your calves are only worth half what they are worth today. Although all cow-calf producers have an opportunity to create a very profitable, enjoyable and sustainable business, most won't do it. They are too busy spending their windfall profits in all the wrong places. I hope you will make the most of this once-in-a-lifetime opportunity — and so do your kids and grandkids.

You will be happy to know that making the necessary changes in your cow-calf operation won't take much of your windfall profits. In other words, those changes won't require much money. They will, however, require a paradigm shift and a drastic change in thinking. You cannot continue to do things the way you have always done them and expect anything to change. Get busy and make the necessary changes. Request our *Ten Steps to Maximize Profits* brochure and learn how to produce more for less! The sooner the better! Now we can discuss other possible ways to spend your windfall profits.

You can use this money to expand your business through the purchase of land and/or vertical integration. In the long run, land has always been a very good investment. I think it is wise to start or increase your emergency savings account. This is money set aside in case of an emergency. Do you have a life insurance policy to protect your spouse and/or children if you prematurely fall off the perch? Many astute cow-calf producers are investing in properties and businesses that will produce passive income. This diversifies their source of income. Warren Buffet said, "*If you don't find a way to make money while you sleep, you will work until you die.*"

Enjoy life and have fun! I strongly urge you to *make* yourself invest a portion of your windfall profits in an improved lifestyle. You can't take your money with you — and you only have one life to live. When people are lying on their death bed, they never have regrets about not working harder. They almost always have regrets about not spending more quality time with family and friends. Taking time off to enjoy life with family and friends doesn't come easy to most farmers and ranchers — but there is nothing more important! People are always saying, "*Someday, I want to do this or that.*" Unfortunately, someday never comes for most of those people.



Be joyful always; pray continually; give thanks in all circumstances, for this is God's will for you in Jesus Christ.

(1Thessalonians 5:16-18)

The Herd Quitters

Our definition of a Herd Quitter™ is someone who has enough courage to break away from the status quo, herd-mentality way of thinking. It is more about thinking for yourself than anything else. Those who follow the herd and do what everyone else is doing will never be above average.

Here's to the Herd Quitters... The crazy ones. The rebels. The square pegs in a world full of round holes. They see things differently. They have no respect for the status quo. They make things happen. If it weren't for the Herd Quitters, the earth would still be flat. Dare to be different! Dare to be a Herd Quitter™!



Calving Ease Bulls... Will Sell For a Premium

By Kit Pharo

Herd expansion is just creeping along — much slower than it did in the 2014/2015 time period. The time will eventually come, however, when herd expansion takes off. Cow-calf producers will be retaining more heifers than they have for several years. Therefore, bulls with genuine calving ease will be selling for a premium.

Not all bulls that are promoted as calving ease bulls are calving ease bulls. Over the years, I have had hundreds of customers tell me about their previous experiences with the so-called “calving ease” bulls they purchased from other bull suppliers — dead calves, dead heifers, paralyzed heifers, checking heifers every four hours, etc., etc.

No one — and I mean NO ONE — sells as many bulls with genuine calving ease as Pharo Cattle Company! We have always been serious about calving ease because our customers are serious about calving ease. Bulls with genuine calving ease will reduce death loss, decrease labor, increase enjoyment, increase conception rates and increase profits!

We are so serious about calving ease that we are willing to **Guarantee Calving Ease** on a high percentage of our bulls. We have done this for the last 26 years. Others told us, “You can't do that” — but we did and we are still doing it! If you plan to retain heifers, I suggest you get your calving ease bulls purchased early. They may cost twice as much next spring!

Half As Many Bulls

By Kit Pharo

How many cows can a bull breed? The drivel put out by the universities and status quo bull producers continues to say you should only put a bull with one female for every month of age the bull is — up to 30 cows. That's probably all you can expect from an overfed, grain-developed Diesel Bull. However, it doesn't have to be that way!

We recommend you DOUBLE the status quo recommendations with our low-input, grass-developed Solar Bulls.

Now... if you only have to purchase half as many bulls, what would you do with all the money you save? You could take your spouse or your family on a fun outing of some sort. You would probably have enough money for several outings. Make a plan, commit to that plan — and **MAKE IT HAPPEN!** You won't regret it!



31 Shades of Brown

Turning Point

Because the cost of inputs has **doubled** in just the **last 20 years**, the beef industry is at a major Turning Point. What has worked so well for the last 20 years will NOT work for the next 20 years.

Those who are the quickest to adapt and change will be in the driver's seat. Those who are the slowest to change will get left behind or run over! They will be caught totally off guard when cattle prices drop. As a result, they may lose the family farm or ranch.

How Much Does Air Weigh?

By Kit Pharo

Most of the cows I see as I travel around the country are rectangular-shaped, 5 to 6-frame cows with long legs and shallow bodies. If you cut the height of these cows in half, they will be approximately one-half body and one-half legs. I have also noticed that most of these cows will not be carrying much condition (fleshing ability).



What value does all that space between the ground and the belly have? None! It weighs nothing — and you can't eat it! It's just air!

In contrast, Pharo Cattle Company has wedge-shaped, 3 to 4-frame cows with extra thickness and fleshing ability. They are two-thirds body and one-third legs. In nearly all cases, our smaller framed cows will weigh more than everyone else's bigger framed cows. Do you know why? **Because air doesn't weigh anything!** The same goes for our calves!



Our bulls won't cheat you on pounds. They will just put those pounds in a beefier package. Do you want to produce calves with *more beef* or *more air*?

Good Cow Sense

There's no replacement for good cow sense. During the last 40 years, however, good cow sense has been replaced by numbers.

While most bull producers know how to breed big numbers to big numbers, they have absolutely no idea how to produce good, long-lasting, grass-efficient cattle. In the long run, good cow sense will always prevail over the numbers game.

Are you tired of playing the numbers game? If so, call 800-311-0995 and request a catalog for our upcoming bull sales.

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Cowboy Logic: "Never own more cows than your wife can take care of."

PHARO CATTLE COMPANY™

Efficient, Easy-Fleshing,
Moderate-Sized, Low-Input,
Grass-Based Genetics
— with Calving Ease —



*Call or Email to receive a catalog
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and/or an AI Sire Directory*



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