A Systems Evaluation Model Within a Performance Measure Framework

Project: Managing Risk and Assessing New Market Opportunities for Small to Mid-Sized Livestock Production and Processing

ERME Goals for Economic Viability:

a. Production Risk: Ensure profitability by reducing input costs
b. Market Risk: Ensure increased revenues by increasing sales and execution of optimal market pricing
c. Financial Risk: Ensure profitability by increasing cash flow and growing business equity

Project Goals (results/outcomes) for Economic Viability:

a. Production Risk: $/% reduction in overall cost of production for livestock finishing
b. Market Risk: $/% increase in profit from higher prices received for products in differentiated markets; i.e. BQA/Grassfed/USDA Certified Organic
c. Financial Risk: $/% reduction in overall cost of production for livestock finishing

The Rationale for our project – How our project activities will lead livestock producers to the desired results:

By helping producers assess current value chain constraints and opportunities, long term improvements can be made to the livestock value chain. Our project activities and projected risk management outcomes will aim to fill gaps in the livestock value chain with the use of established education programs while addressing:

1. Processing capacity
2. Communication and coordination between processors and producers
3. Processor location and transportation
4. Existing and emerging market opportunities
5. Cost of Production – Livestock finishing: Goal – decrease costs
   a. Enterprise budgeting
6. Cost differences for differentiated sales versus commodity sales: Goals – increase revenue/sales, growth in sales volume
   a. Cost Variances
**Curriculum, Collaborators etc.**

**We use these resources**
- Budget Tools/Business Plan Templates/Enterprise Decision Trees
- Learning Modules:
  - Meat Value Chain/Existing and emerging market opportunities/Evaluating risk factors and requirements of identified market opportunities/Scale appropriate market outlets.
- Collaborators:
  - Extension Specialists
  - Meat Processors
  - State Dpt of Ag

**Workshops, conferences, field trips etc.**

**Networking**
- Collaboration Building
- Experiential Learning (Field Trips)
- Interactive Workshops
- Webinars

**Target Audience = 80 Livestock Producers who will be trained in financial, marketing and production risk for assessing new production and market opportunities.**

Tools and resources developed:
- Livestock calculators, decision aids, producer worksheets (customer communication strategies), Processor fact sheets (carcass cuts, quality indicators etc.)

**Target audience, tools and resources developed, # of participants trained in these risk areas**

# of participants who reported adoption of a new or changed practice

**Note: Changes in practice that result in measurable reduction of risk**

- **$/% reduction in variable transportation costs and $/% reduction in processing livestock**
  - Converted herd to a certified management and marketing plan; i.e. Grassfed/BQA/Sustainably Raised
  - Transitioned herd from commodity to differentiated markets
  - Improved coordination with processing facility(s)

- **$/% reduction in overall cost of production for livestock finishing**
  - Colorado producers will benefit by gaining necessary knowledge and skills to enter new direct marketing and value-added options to enhance economic viability. At least 65 more producers from the neighboring states of Utah and NM fall into this category.

- **$/% increase in profit from higher prices received for products in differentiated markets; i.e. BQA/Grassfed/USDA Certified Organic**

**We use these resources for these activities with these outputs so that producers can change their behavior by engaging in these actions (Short Term Objectives)**

**Medium Term Actions (Decide)**

**To produce these medium term outcomes (Strategies)**

**Leading to these long term outcome measures (Achievement of improved economic viability)**

**Benefits accrued: Long term economic improvement for producers and the livestock value chain**

**As compared to Baseline/Benchmarking Data**

- Producers current cost of production
- Cost variance data for traditional/commodity operations and differentiated enterprises.
- Processor price data

**Evidence of Realized Economic Gains**

- Ag Census/ARMS/AMS data: cross correlate with processor price/commodity price/cost of production data.