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 values 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

Systems Evaluation: Measuring Results across the life of the project

Short Term Learning Goals (Understanding)

Short Term Actions (Develop/Analyze)

Necessary Preconditions

Medium Term Actions (Decide)

Long Term Measure (Implementation) **Evidence of Realized Economic Gains**

We use these resources



Curriculum, Collaborators



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

For these activities



Workshops, conferences, field trips etc.



Networking

Collaboration Building

Experiential Learning (Field Trips)

Interactive Workshops

Webinars

**Note: Who is the audience?

reached, how many more fall

into this category in the farming

How do you hope they will

benefit? Of participants

community?

With these outputs



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



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.)

> 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.

So that producers can change their behavior by engaging in these actions (Short Term **Objectives**)



of participants who reported adoption of a new or changed practice



20 participants:

Created a communications strategy

Developed a risk mgt plan specific to their operation

Adopted a marketing strategy for interaction with specific meat processing outlets these medium term outcomes (Strategies)

To produce



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



Converted herd to a certified management and marketing plan; i.e. Grassfed/BQA/Sustaina bly Raised

Transitioned herd from commodity to differentiated markets

Improved coordination with processing facility(s)

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



\$/% reduction in variable transportation costs and \$/% reduction in processing livestock



\$/% reduction in overall cost of production for livestock finishing



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

As compared to Baseline/Bench marking Data



Producers current cost of production

Cost variance data for traditional/commodity operations and differentiated enterprises.

Processor price data

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

Processors

State Dpt of Ag