



Investing in Technology for your Sheep Operation

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Why Invest in Technology?

- Are you an early adopter?
- Just because it's cool?!
- **IMPROVE ECONOMIC VIABILITY BY ADDRESSING YOUR BOTTLENECKS!**

Bottlenecks



- An economic bottleneck is something that prevents a business from achieving profitability!
 - Gross margins are too low (revenue – direct costs)
 - Overheads are too high

3 Secrets to Profitability!

- What are the three ways we can improve profitability?
 - Lower our overhead expenses
 - Improve our gross margin per unit (increase revenue and/or decrease direct costs)
 - Increase turnover
- **Our highest-priority technology purchases should address our most critical bottleneck(s)!**

Adapted from Ranching for Profit

Example 1: Lowering Overheads with Technology

- Investing in a more efficient livestock handling system
- Investing in predator protection technology

Example 2: Improving Gross Margin

- Electronic ear tags
- Feeding systems
- Others?

Example 3: Increase Turnover

- Accelerated lambing systems
- Increased prolificacy
- Others?

What are the weak links in YOUR business?

Your specific economic situation should drive your capital purchase plan:

- Do you need to increase production?
- Do you need to improve gross margin per unit?
- Do you need to reduce overheads?

Start with a Partial Budget



- Compare changes in revenue with changes in direct costs and overhead costs.
- Allows comparison of multiple options.
- Your county extension agent or extension specialist can help!

Other Considerations



- Will your capital purchase require additional capital purchases?
 - E.g., K-line irrigation requires a 4-wheeler
- Will a potential capital purchase increase production beyond your marketing capacity?

Today's Panelists...

- Jeff Clark, Blackhills Land Stewards LLC / Synergraze / Sustainable Livestock Analytics LLC
- Dr. Brent Roeder, Montana State University
- Dr. Bret Taylor, USDA Ag Research Service / U.S. Sheep Experiment Station