



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.

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.



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What was done and why?

Iowa has fewer 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.

What did we learn?

Know your client.

Know the cattle.

Have a written agreement.

Match the carrying capacity of the pasture to the cattle and grazing season.

Protect your income interest by filing notice under the Uniform Commercial Code.

Communicate with the owner regularly to establish a trusting relationship.

Make sure you cover all your costs, including charges for extra labor to handle/process cattle and the feed costs.

Consider surcharges or incentive payments as a reward for better management or for extra labor.

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