

## Baker Ranch

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The Baker Ranch today looks nothing like the cattle ranch on which Rex Baker grew up. The wooden cabin, with its dirt floors and lack of plumbing, is long gone. The heaps of old equipment and piles of trash have all been cleared. Even the fifty head of cattle have been sold off. Instead, someone approaching the sprawling estate nestled against the mountains will notice the horse-drawn trollies,

modern commercial kitchen, and wide expanses of raspberry bushes. Each generation of Bakers has adapted to the times, but Rex's great-grandfather would never have been able to imagine the variety of inventive offerings on today's ranch.

### Background

In 1896, most pioneers were traveling west to find their fortunes, but Rex's great-grandfather headed east from Australia, sailed to California, and then made his way to the mountains of

southern Idaho, where he homesteaded in Lava Hot Springs. Rex's grandfather started rearing sheep on the 1800-acre ranch, and it wasn't until Rex's father took over the farm in the 1960s, that cattle replaced the sheep. Potatoes were also a staple crop in the past.

Rex became a full-time ranch hand when he graduated from high school, and his father's premature death left Rex struggling to make a living. Having grown up in poverty, he realized that a second career would be necessary if he was going



to keep the ranch from the debt collectors. Rex started working for the railroad; after his marriage, his wife, Peggy Ann, also worked to support the operation. Even though his father had not made any succession or estate plans, Rex's siblings had little interest in owning or operating the ranch, so he was able to take over the operation with minimal dispute and lease the land from his widowed mother. After about five years of leasing, he made formal plans to purchase the ranch as a way of protecting his investment in the equipment and other improvements he was making. After his mother's death, his purchase premium was disbursed to his siblings as their portion of the inheritance. Rex recalls the process as fairly easy.

Baker Ranch faced a number of challenges throughout the 1990s. Rex had been active in crop-sharing alfalfa—which grew in abundance in the vicinity—and used it to feed his cattle. As tourism in Lava Hot Springs increased, the valuable farmland that had been used to grow alfalfa was converted to an airport and subdivisions, supplying second homes to nearby urban populations and increasing rents on available agriculture acreage. Falling cattle prices also lowered the farm's profitability. Finally, when his two children left the ranch to make their own livings, Rex lost the core of his labor force. In 2004, Rex sold the last of his herd and leased most of his land as pasture.



Rex began diversifying long before the cattle left the ranch for good. In 1994—after losing his job on the railroad and desperate for money to pay his ailing mother's medical bills—Rex saw an opportunity in rising timber prices. Over a three-year period, he selectively cut some of his old-growth Douglas Firs. He used the cash from the sale to pay off the last of his debt and begin investing in and upgrading the ranch. The cleared forest evolved into a new pasturing area that generated additional financial returns. Once the undergrowth was cleared and the trees thinned, he realized that Baker Ranch was an outdoor paradise: Rex had discovered a new marketing niche. “Dad could see it coming,” says Autumn, Rex's daughter. “It was an evolve or die situation. You couldn't make money on cattle, as cattle had bottomed out.” The farm now offers horse-drawn trolley rides, snowshoeing trips, wedding facilities, and other special events to the traveling public and has made a success of their berry plantation, which specializes in raspberries that they sell at the local farmers' market and make into jam. The ranch is also active

in the “Idaho Preferred” program, which has improved sales at their farmers’ market booth and expanded their marketing reach.

## **Business Plan**

While Rex has not made any formal plans for passing the ranch to his two children, Autumn and Jesse, discussions about the operation’s future have already begun. As Rex says, “It’s tough for kids nowadays, that transition. You can’t make minimum wage when buying a ranch. We couldn’t have made it if I hadn’t worked for the railroad.” Jesse and Autumn have already established



their careers outside of the ranch: Jesse is a miner in Nevada and Autumn owns an electronic medical-transcription business. But each has shown a commitment to maintaining the fourth-generation ranch in its entirety. Both children have maintained independent businesses while remaining active in the family’s concerns. A few years ago, Autumn suggested taking out a life-insurance policy on Rex that would cover any debt should Rex be unable to work. His children pay the premium on the policy and are the beneficiaries.

Each child has shown a different, but complementary interest in the ranch operation. Jesse has no interest in being the business manager of the raspberry patch, nor does he enjoy overseeing the tourist experience. He has purchased eleven acres as a hobby ranch and has considered raising springer heifers to sell to other area ranchers, which better suits his interest and personality and does not use any of the resources required by his parents’ operation.

Autumn is much more social than her brother and has been running the farmers’ market booth every weekend since she was in high school; she loves interacting with the tourists. She has purchased the last remaining building lot near the ranch and plans to establish a bed-and-breakfast, which is sorely needed in the Lava Hot Springs area. Autumn invests her own money into her ideas, such as adding elderberries to the berry plantation, although she intends to borrow a small plot of land to expand her commercial fruit enterprise. She laughs when she says, “My father likes the idea, I like the idea, but mom knows that she’s going to end up with a bunch more work since she runs the commercial kitchen.” Autumn suffered her first financial loss when her supplier sent the wrong starts, which were not conducive to the severe Idaho climate.



Autumn has taken the lead in investigating the family’s transition plan. “I’m the one that sees where things can go wrong if we don’t have a plan in place. Getting my parents to talk about



their plans helps me because I know most of that is going to fall on me anyways,” she says. Five years ago, the family attended a small-business development meeting in Pocatello, where they realized that they had already discussed and completed many business-planning steps for Baker Ranch. However, a formal document has yet to be written.

“All of the ranch’s relationships are based on my dad,” says Autumn. “The banks and the loans for farming. The banks have never required any documentation because they know him. But if I have to take over, they don’t know me and I need to have a business plan to show what I can offer.” Rex adds, “We have done a lot of documentation though. We ought to pat ourselves on the back because it’s all there. It’s just not organized like in a business plan.” Autumn also attended an estate-planning workshop for farmers conducted by Utah State University’s Cooperative Extension. These classes helped her realize the complexity of farm transitions, and she is currently working with an estate planner and an accountant to formalize the process.

## Communication

Watching the Bakers over coffee and snacks, the ease with which they communicate in ways that are both supportive and inclusive, is striking. As they plan their expansion into other operations, ideas flow easily from everyone in the room. Peggy Ann says, “When we get an idea, we are all pretty good about researching it. We research it and we talk about it.” The family agrees that the horse barn was



mostly designed on napkins at restaurants, with everyone's input. Each member of the family is autonomous, even though the family as a whole is a team.

Autumn feels competent to run the ranch when the time comes. "I've been the slave labor most of my life," she jokes, but she says that she has never been left out of the loop on marketing, program ideas, or new revenue-generating ideas. Her father also feels confident that she has integrated herself into the operation. "Autumn knows where to hire the draft horses, how to feed and care for them, and all the other aspects of the business," he adds. The family has always included the children, and Autumn's passion shows when she talks about the ranch: "I just need to know how Dad wants things run, then I can make adjustments to that as needed. If Dad has an idea, I'll toy with it for weeks or months, and then, if I want to put money into it, I will." Otherwise, Rex and Peggy Ann can move forward on their own.

But Autumn recognizes that it is not her time yet and maintains a supportive distance while her parents continue working the core areas of the ranch. Jesse tends to be the more careful child,



cautioning that the family's entrepreneurial ideas create more work for their parents. "The conversations my parents have with Jesse are probably very different than the conversations I have with my parents," says Autumn. While he is still only in his late twenties, his involvement in the ranch seems less hands-on, but his commitment to his parents and their lifestyle stays strong.

## Conclusion

The Baker Ranch has always been a snapshot in time and has reflected the ranching strategies of the managing generation since its foundation. From a sheep to a cattle ranch, it has evolved into an innovative tourism paradise that finds revenue sources in unlikely places. The key is ingenuity, which Rex, Peggy Ann, and Autumn share. But most importantly, their success lies in open communication and the inclusion of honest opinions in the planning process, which allow Baker Ranch to be more than just a business or just a family, but an example of a successful family business.