

Computers and cow leasing can pump up profits

UNIVERSITY PARK — With changes in agriculture proceeding at a rapid pace, computers and the technology that goes with them are offering more and more potential as an essential management aid to dairymen.

"Progress in computers should not make anyone in agriculture uncomfortable," says John Speicher, dairy farm management specialist at Michigan State University. Speaking to Pennsylvania dairymen attending the recent dairy herd management conference at Penn State, Speicher added, "We should not back away from computers, but should employ their advantages to our benefit."

Speicher noted that dairy herd improvement associations offered the first computerized dairy herd management system which identified cows and gave important management data to farmers. He said DHIA records have been valuable in providing knowledge about herd sires and in maintaining a record base.

He stressed that a computer can be used in all areas of the farming operation, with the dairy herd just one part of the total farm picture. He said, "There are presently computers actively being marketed and utilized which can offer information on individual animals which is kept in storage and can be called on to help the manager make decisions."

Such a complete system, Speicher said, "helps the manager be fully informed about all the animals all the time."

Speicher said the use of "mini" or "micro" computers on the farm is a real possibility, along with the idea of using on-farm terminals.

Other areas which can be computerized to a farm manager's advantage include crop production, the needs for which will parallel needs in a dairy herd. Computers can give information on moisture, pest concentration and can even be employed to measure

temperature for irrigation, he said.

A computerized financial accounting system can be employed as a good business management tool to show profit and loss and give advice on such things as culling to help dairymen maximize income. Payroll, tax reporting, and personnel accounting can also be taken care of with computers.

There are innumerable decisions aids which can be called forth from a computer, including tax planning and providing balanced rations.

While all these management areas lend themselves to computerization, Speicher noted that in most cases it is a matter of producing programs to get the proper information. And while computers have become cheaper and cheaper over the years, Speicher says, "The cost of programming is going up as fast as computers go down."

If the proper elements are combined, a wide variety of information can be available to the dairymen. Before such systems come into common usage, however, he said the programming must be economically feasible.

In another area of management, Speicher presented information on the economics of raising, buying or leasing herd replacements.

Using statistics which included the costs of raising heifer replacements including feed and labor, Speicher showed that buying replacements can be an economically viable option. He pointed out, however, that as the cost of replacement heifers rises, some of the advantages in sales are lost.

Furthermore, he pointed out, dairymen lose their genetic base when they sell their calves. He said, "It is

hard to buy heifers that you could breed yourself."

Speicher noted every expense on the farm goes up as milk production goes up, but said that income goes up faster.

He said agreements can be written when selling calves with an option to purchase. In this way a dairyman can get back the same heifers he sold earlier which offers some big advantages. It's difficult to find people willing to raise heifers, Speicher said, because of the

high mortality.

Speicher said there are presently not many people raising heifers on contract, because up to now it hasn't been profitable. However, it is better now than a few years ago, and is becoming more profitable.

Leasing can offer some advantages to the cost-wise dairyman, Speicher said, but added that as interest rates increase, leases come out ahead.

Leasing overcomes problems of accumulating

enough cash or credit to purchase cattle, and it conserves working capital leaving additional capital available for use in other parts of the farm business. This can improve cash flow.

Speicher cautioned that a thorough understanding of the terms of the lease are important as well as the timing of all costs and returns. No one should enter into a contractual agreement without an understanding of these terms. — SBB

Little named recipient of Dow Study Tour Scholarship

UNIVERSITY PARK — Richard F. Little, Montour County Extension director of Penn State's Cooperative Extension Service staff, has been named recipient of a 1980 Dow Study Tour Scholarship.

Little is one of 30 Extension agents in the United States who will study agricultural research, production, and marketing practices in California. The Dow Study Tour will start in the San Francisco area June 16 and terminate in San Diego on June 27.

The 1980 tour is sponsored by the National Association

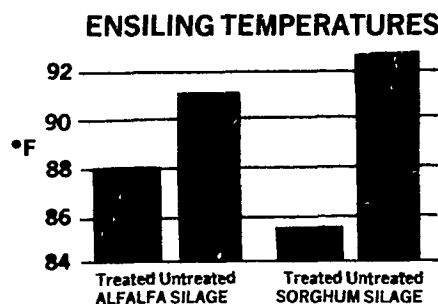
of County Agricultural Agents and Dow Chemical.

"The tour provides an opportunity for extension educators to observe innovative ideas and rapidly communicate these ideas to farmers and industry representatives," says Joseph Macialek, extension community resource development agent and state tour program chairman.

Little is one of five agents selected from the Northeast States on the basis of Extension program responsibilities, program accomplishments, future educational plans, and professional goals.

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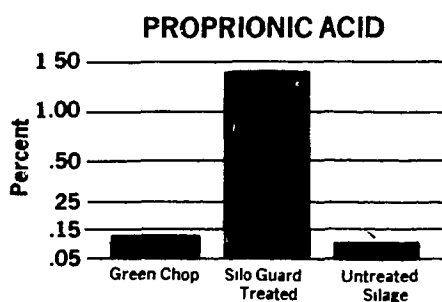
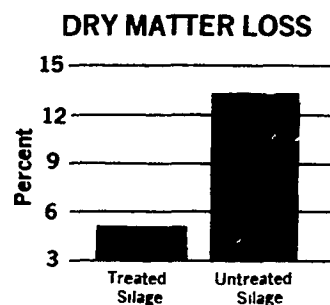


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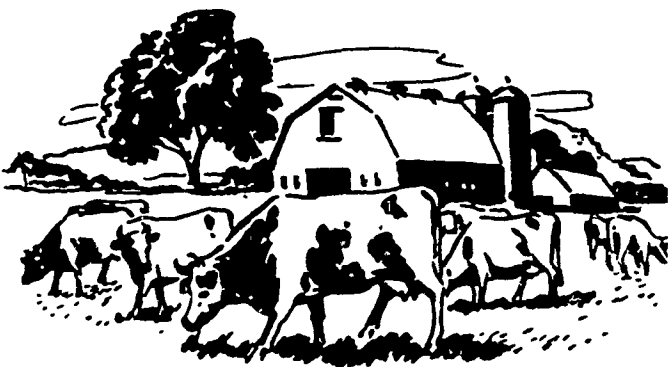
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