



Brockett's Ag Advice

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Records-A 1980s -Style Solution

Are you in a cash flow bind? Do you find operating expenses eating up a larger and larger portion of your income?

Do you desperately need to know whether income three months or six months from now will cover expenses? Or do you have taxes to pay but no money to pay them?

A great many farmers will be answering one or more of these questions yes within the next three years. Many of those who have now or will have the above problems will be faced with the rather unpleasant situation of losing their business.

Records Could Help

Good records, a careful analysis of those records, and use of both could help to avoid the problems altogether or at least lessen the

impact. Let's look at examples of where records could provide a solution.

Example A: A cash flow bind: a careful analysis of your records for 1981 could show possible danger areas such as: months where income and expense come close to meeting or where expenses exceed income; months where you have agreed to make debt payments with inadequate income; months where you let supply bills slip due to inadequate income, extra expenses, a due debt payment or all three.

Once the analysis was done, you would have some alternatives; shift expenses to a more suitable month if you can; save from surplus months if you have any; go to your creditor with a detailed and practical plan for debt payment adjustments; forgo a desired

purchased; or tighten your family spending.

Example B: As operating expense in relation to income grow: a careful analysis of your records could show waste in the use of feed, fertilizer, fuel, energy, etc. Two years ago I found that some dairy producers used three times as much electricity to produce a hundred pounds of milk than others. I also found that some farmers were able to produce twice as much feed or feed crop per dollar of fertilizer as others.

Explore a number of questions: are you feeding as economically as possible?; do you use forage testing to develop your feeding program—if not why not?; do you fertilize according to soil test—if not why not?

Good records could show you how to squeeze the last possible penny of profit out of your hard earned investment.

Example C: Projecting ahead: it is a lot easier to meet adversity if you know what you face then if you suddenly turn a corner and run head on into it. Using records to develop a projected cash flow for your farm business seems like a lot

of monkey business, but it may mean the difference between the life and death of your business.

Look at this way—let's say you have a valuable cow that you really want to keep, but it is sick. The vet told you that you would have a chance of saving that cow if you stayed up all night and took her temperature every 30 minutes then gave her a shot of one thing if it was over 106 and another thing if it was under 106. Would you do it or would you let the cow go down the tubes?

O.K., now I'm the vet and it isn't a sick cow you have but an ailing business. How important is it to you?

The Challenge

American farmers as a group are the most willing workers in the world. In most cases, all members of the family are involved in the physical work of the farm business. Very few other businesses can equal that type of physical determination.

The challenge of the American family farm of the 1980s is to equal the physical determination to

make the farm a success with a mental determination to succeed as a viable operation. Good records are a necessity.

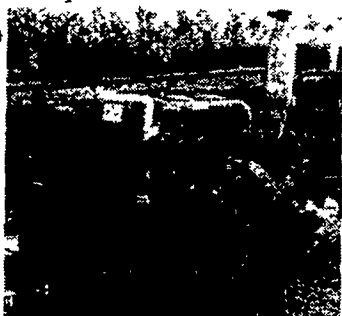


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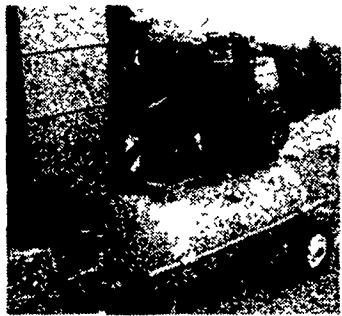
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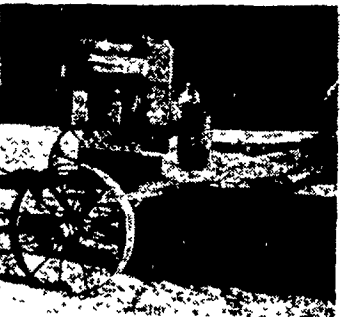
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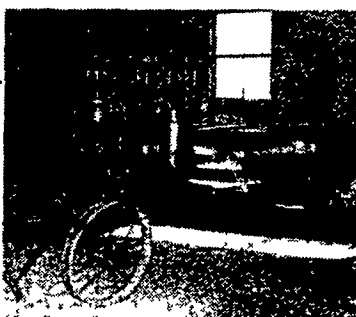
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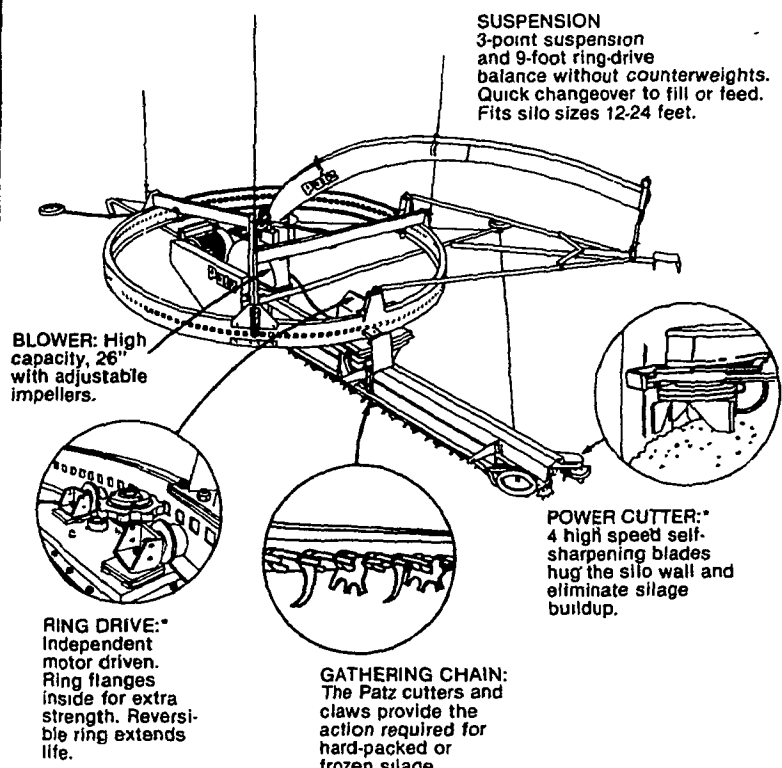
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