

### Brockett's Ag Advice

By John E. Brockett Farm Management Agent Lewistown Extension Office

#### Bigger — Better? Which?

Is bigger better? Is an increase in size correlated with an increase in profits?

The answer to both of these questions is "yes sometimes and no other times." Unfortunately many farmers just see the first part of that answer.

I must admit that we in Extension may be part of the problem. It is a lot easier to "see" the solution to a farm business economic problem as an increase in size. For example: We look at a 50-cow operation with a projected debt repayment capacity of \$24,000 per year. The operation needs a repayment capacity of \$36,000. Our first inclination is to look for ways to economically expand the herd.

There are a number of reasons we do this (I am not making excuses — just stating the facts). First we have been conditioned to the fact that the farmer will more readily accept our suggestions if we grease them with expansion. Second it is easier to project profits through increased production units, based on a per unit return now, than through the unknown return we may get from improved efficiency. Third no one likes to tell a farmer (or anyone else) that their managerial ability may be

limited. Fourth the expansion move is probably in line with the recommendation from the many other advisors and quasi-advisors a farmer encounters every day.

On The Average

On the average (how often I hear that expression) larger operations do appear to be more labor efficient, more energy efficient, and more profitable. This is true regardless of the article publication, or success story we

My labor studies from the early 1970s show that size is a factor in labor efficiency. My energy use studies in the late 1970s show that size is a factor in energy use efficiency. Sam Dum's annual 'Farm Analysis'' summary shows that the larger herds are more profitable than smaller herds.

"On the average" can be somewhat misleading though unless we also look at ranges and means. For example: if we had 10 farms producing corn and 3 produced 40 bushel per acre, 3 produced 50 bushels per acre, 37 produced 60 bushels per acre and 1 average would be 67 bushels per acre. In reverse if 3 produced 90 bushels per acre, 3 produced 70 bushels per acre, 3 produced 60 bushels per acre, and one had 10 bushels, the average would also be 67 bushels per acre.

In the first case 9 of the ten farms produced less than the average and in the second case 8 of the ten farms produced more than the average. We would have known a lot more about the 10 farms if we had been told the range 40 to 220 bushels in case one and 10 to 90 bushels in case 2. We would have known even more if we knew the mean (the point where half are below and half above).

In case one this would have been 50 (3 below, 3 at, 4 above). In case two, the mean was around 70 (3 above, 3 at, 4 below).

#### Ranges

If we examine some of those averages that appear to make bigger better, we can find that ' 'tain't necessarily so." example: in the previously mentioned labor study I found that, although larger herds (average 70 cows) used 22 percent less labor per cow than small herds (average 42 cows), the range in labor use among those larger herds was 100

Or to put it in actual terms of man hours, large free stall operations averaged 64 hours per cow per year while small free stall operations averaged 78 hours per cow per year. The range among the larger operations was 42 to 84 hours per cow per year. The range

produced 220 bushels per acre the among the smaller operations was 66 to 96 hours per cow per year. Production per man hour of labor had an even greater range.

> The same situation is true when we look at profits. I have worked with literally hundreds of farm analyses over the past few years. The range in income per cow has been fantastic, from close to zero to well over \$1,000. Size is a factor but even within size groups, the range is tremendous. Production is a factor and so is the milking system. However, in each of these there is a big spread in the profit picture.

#### The End Result

The end result is that most farmers could probably increase income rather substantially without making a big investment in expansion. In the next column or two I'll discuss some ideas on how.

## Guernsey youth

(Continued from Page D29)

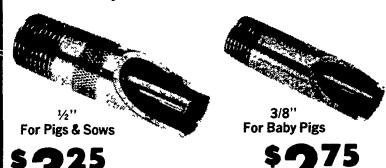
Windsor, president; John Myers, Littlestown, vice-president; Leona Hobaugh, York, secretary; and Kathy Lehman, York, treasurer.

Entertainment for the evening featured the barbershop harmonies of the Lanco Lads, sponsored by Fred Myers, Vigortone

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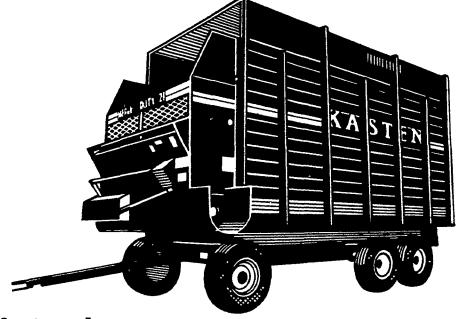


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