



Brockett's Ag Advice

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Financial Management

Financial management is the most important lesson a farm manager can learn. It also is the most difficult.

Inability or refusal to learn how to handle finances has been and will continue to be the undoing of more businesses, including farms, than any other factor. That is why we sometimes find farmers who have achieved good production records going out of business. They learned how to produce top yields of crops, milk, hogs, etc. Unfortunately they either never learned how to calculate costs, and how to make the best use of their return, or how to apply what financial knowledge they may have learned.

Some Factors

A farmer who produces six tons of alfalfa hay per acre, then wastes half of it through poor handling, poor feeding facilities, imbalanced feeding programs, lack of adequate storage or poor marketing techniques, probably realizes less profit per acre than some one with three tons who does a good job in these five areas.

The first farmer had a higher cost per acre without the projected higher income. Yet a high yield is essential for high profits. But a good financial manager cannot stop at high yields. He also must strive for high quality, less waste, best use of resources, and top marketing techniques.

Farmers who started their business prior to 1970 were born at the right time as far as profit potential is concerned. Younger farmers are far more vulnerable to economic pressures due to rapidly escalating land prices and

gyrating interest rates. Land prices were more in line with productive capability prior to 1972 and interest rates were relatively stable until 1979.

Yet some of the older farmers are in trouble. Why? In most cases lack of financial management has been the major undoing factor. If any group of farmers deserves sympathy, it is the younger group that started farming after 1975. Land and building prices way above productive capability coupled with high interest rates and tight credit threaten their existence.

Yet some of them are doing fairly well (note I did not say very well). Why? In some cases an acute sense of financial management has helped them overcome the double "whammy" of high interest and high capital costs.

But when a farmer started to farm is still a factor. The younger farmer must not only try harder, he or she must also be a better financial manager than the older farmer just to stay even.

Use of records is a prime criteria for a good financial manager. Just keeping records is not sufficient. Neither is using the records to fill out a tax return or a bank balance sheet sufficient. If those records are not kept and used to make business decisions, then good financial management is difficult to learn or put into practice.

Financial Management Is...

Financial Management is:

- ✓ Knowing the cost of producing the level of yield acquired.
- ✓ Keeping waste to a minimum.
- ✓ Marketing your product in the most profitable way.

Grange announces Farm Supply agents

HARRISBURG — Agents for the new Grange Farm Supply Service and their territories have been named by State Grange Master Charles Wismer.

Wismer said the agents began taking orders Jan. 10. Interested farmers can contact the nearest agent to order their farm supplies.

The new service, which offers farm chemicals, seeds, baler twine and fertilizer at discount, will be available only in these counties: Armstrong, Beaver, Clarion, Clearfield, Crawford, Elk, Erie, Jefferson, Lawrence, Mercer, Warren and Washington.

Wismer said the service is not limited to Grange Members; any farmer is welcome to call his local agent for current prices on farm

supplies. All deliveries will be made from a supplier in Bowling Green, Ohio.

The following are agents registered with the Pennsylvania State Grange:

Armstrong — J. Mitchell Blose, Yatesboro, PA 16263; 412/783-6365.

Beaver — F. Paul Dawson, R1, Industry, PA 15052; 412/643-4745; Carl Soisson, R2 Georgetown, PA 15043; 412/573-9554.

Clarion — Clavin Brosius, R2 Summerville, PA 15864; 814/656-2601.

Clefield — Ross Orner, Jr., R1 Rockton, PA 15856; 814/583-7620. Crawford — Ralph Tau, R3 Saegertown, PA 16435; 814/763-4831; Chester Tau, R1 Springboro, PA 16435; 814/587-3885; Earl E. Krider, R4 Meadville, PA 16335; 814/336-3907.

Crawford — Richard C. Porter, R3 Linesville, PA 16424; Merle E. Siverling, Cambridge Springs, PA 16403; 814/398-4167; Charles Black, Saegertown, PA 16433; 814/763-3799.

Elk — Ron McMinn, Ridgway,

PA 15853; 814/776-6376; Melvin Sarginger, St. Marys, PA 15857; 814/781-6613.

Erie — Michael Johnson, Lake City, PA 16423; 814/774-9246.

Jefferson — Joe Shields, R1 Summerville, PA 15864; 814/856-2687; John R. McFadden, R3 Reynoldsville, PA 15851; 814/938-4606.

Lawrence — W. Paul McCullough, R1 New Galilee, PA 16141; 412/336-5398; Robert Boak, R4 New Castle, PA 16101; 412/924-9215; Arthur J. Wilson, R3 Volant, PA 16156; 412/946-8019.

Mercer — William C. Vernam, R1 Jackson Center, PA 16133; Ellsworth Jamison, R4 Grove City, PA 16127; 814/786-7424; Joanne Werger, Greenville, PA 16125; 412/588-3667.

Warren — John Kolick, R1 Tidioute, PA 16351.

Washington — George A. Jones, Claysville, PA 15323; 412/663-4226; W. Leland Archer, R1 Prosperity, PA 15329; 412/225-7575; William F. Irwin, R4 Monongahela, PA 15063; 412/258-8099.

- ✓ Knowing what this way is.
- ✓ Using records as completely and readily as you use the latest mechanical marvel.
- ✓ Keeping costs in line with income.
- ✓ Knowing how much debt payment your farm income can handle.
- ✓ Not letting accounts payable pile up.
- ✓ Analyzing your farm business to find out weak points.
- ✓ Knowing how vulnerable you are to economic changes.

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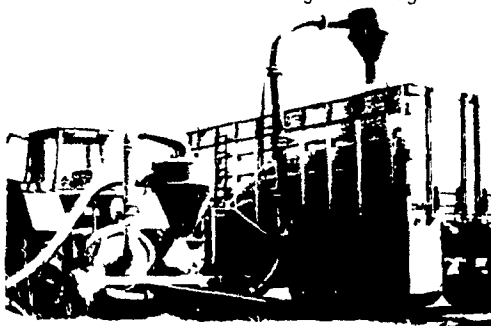
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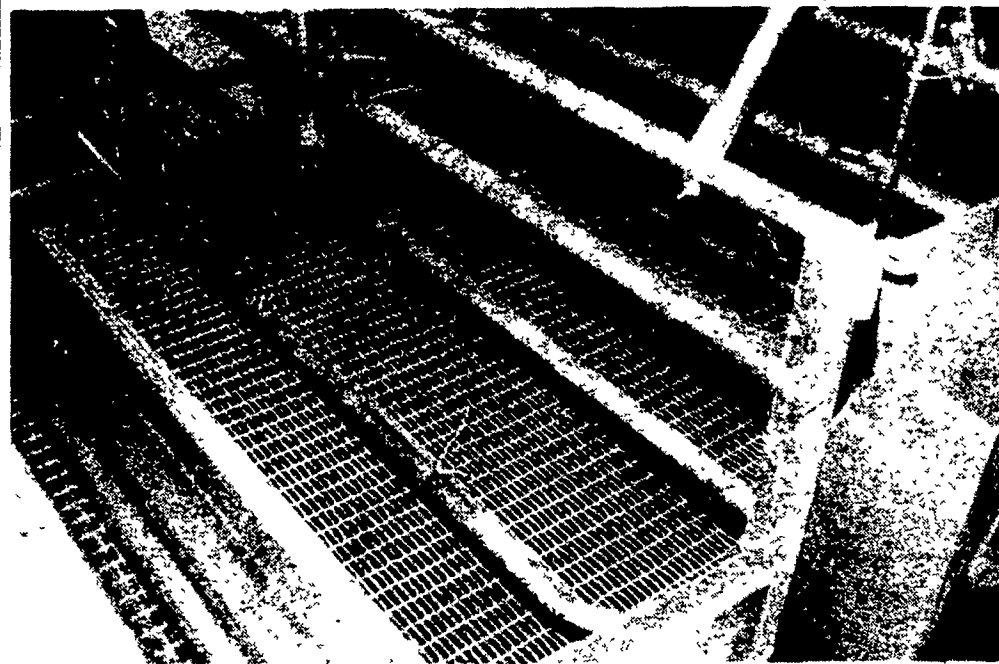
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