



The Dairy Business

By
Newton Bair

The cost of farming

Those of us who write for the farm audience love to give advice. I wonder why it's so easy to tell someone else how to run his business? It must be because that's our business, - to tell others how. Anyone who has a personal computer has a slight advantage over those who don't. The ad-

vantage is in the ease of recording and manipulating figures. So, my message for this week is to begin right now to **keep track of your costs** of producing everything you produce.

If you don't have a computer or a secretary, you do have a pencil and notebook. It's as simple as writing down a heading like, "Corn, 8 acre strip north of the henhouse". Then tonight, before you get too comfortable in front of the TV, take one minute to record what you did in that field today. Heck, you don't need a computer to do that!

So you spent three hours chiseling the field. How much did that cost? Whether it was your plow or someone else's, it cost you for the fuel, the time, the interest on the equipment, and the overhead of owning the machinery. It could add up to anywhere from \$20 an hour to \$45, depending on your circumstances. (Here's where a computer might help). Don't kid yourself about what it actually cost you.

When you planted, it should be a little easier to track the cost. If you own a \$9000 planter, and use it to plant 150 acres of corn, the planter will cost you over \$12,000 in the next five years. That comes to about \$17.00 an acre. Or, you might have hired a neighbor to plant for \$15.00. Whatever the cost, **write it down.**

The cost of fertilizer is easy. You hired Reading Bone to spread 650 pounds of 10-18-30 over the 150 acres, and it cost \$(a lot). Just divide \$(a lot) by 150, and you have the cost per acre. No sweat. **Write it down.**

Now, there was some spraying, right? If you did it, don't forget to count your time, at \$(whatever you're worth), the amortized cost of the sprayer per acre, (that might not be too easy), fuel and tractor cost, and the actual cost of the herbicides. That part is real easy if you take the cost per gallon, divide that by eight to get the cost per pint, and multiply that by the pints per acre. The same goes for pounds, if you use wettable powders. Take the time to figure it out, it could be fun, and it might shock you. Then, **write it down!**

Now that the crop is in the ground, relax for a couple of evenings, before you side dress or

spray for escaped weeds. If you do any of these, write it down. Some other substantial costs are down the road ways, when it comes harvest time, so don't give up.

Now that you have taken the time to write down all that vital information, it will become all the more important to remember where you wrote it. And after harvest, when all those costs are written down, all you have to do anymore is find the right page and add up the figures. Your third grader can do it for you.

What good will all this do you? Well, maybe it will tell you something. Whether the crop costs less to grow than to buy. Or vice-versa. I guarantee you that it will be the best exercise in economics you can get. Even if the only return for all that labor is a couple of laughs.

And if I could believe for one minute that you will do all that **writing down** for a crop, just so you can get a handle on the cost of production, I would then boldly ask you to try it with the cost of raising heifers, feeding bull calves, and growing rutabagas. Better yet, you might learn how much it actually costs to produce a hundred pounds of milk, if that's important to you. And it had better be, if you plan to stay in business.



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