



## Brockett's Ag Advice

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Tennessee Ernie Ford used to sing a song that went like this: "You load sixteen tons and what do you get - another day older and deeper in debt". Debt is a way of life for most people in this country. As a farmer you are not unique. Actually you as a farmer have debts for two reasons - one is for your business and is usually called credit until it gets out of hand - the other is for personal reasons.

Change 1 - Successful farmers will have to use records to see where they are now so they can chart a course leading to success in the future. The change for many farmers will be to keep and use records - financial, livestock production, and crop production are basic ones. Using a good farm analysis is one way to make better use of the records that are kept.

Change 2 - Successful farmers will have to keep business and personal credit separate. Too often the two get intertwined to the extent that a farm family really has no idea about the extent of borrowed money it uses for family

living or the payment of personal bills. Two bank accounts would be one way to get a better handle on personal expenditures. And that is the first step in the separation of business from personal accounts. Set up the personal account with the idea of paying all family living bills out of it. Outline the type of expense that you would consider personal and the approximate amount that you will need for these bills. This would be your "budget".

Change 3 - Successful farmers will have to plan ahead for all types of reasons. Capital purchases are a major cash outlay for most farm businesses. Spring planting expenses, equipment overhauls, taxes, and insurance are other one time cash outlays that can and should be planned well in advance. But a major one for many farmers is the payment on debts. Some farmers who plan the first two groups forget all about

the last one.

Plans may go like this: Borrow \$4500 from the bank for a new manure spreader; borrow \$1500 from PCA for spring crop needs; sell three cows for the money needed for taxes; and use the savings account of \$2500 for a tractor overhaul plus insurance. The plans completely forget from where the payments for all of that borrowed money is coming. Some plans simply use the vague statement "from current income". If current income is already used up paying other expenses, there may be none available for debt payments. The end result may be

anything ranging from self enforced austerity, to business failure, to a continuing erosion of net asset value (sometimes called equity value or net worth).

Change 4 - Successful farmers will have to get off the train of "bigger is better" and on to the idea that "better is better". Too often the main solution to business problems or adversity is to expand. Milk prices are dropping so milk production must go up. Corn prices are low so let's rent or buy more acres. A better way would be to see what solution would be the most profitable. Land that will be profitable when corn is \$3 may be a

losing proposition when corn is \$2.50 per bushel. A dairy farm with a cost of producing milk of \$12 per cwt. is fairly efficient yet, may be able to reduce that cost to \$11 with some management changes. However, this reduction in cost per unit will seldom happen through expansion. That does not mean that expansion is never a reasonable solution. There are situations where expansion is the best route. Such cases would be a farm with very high overhead plus ample resources to handle the expansion with no additional capital outlay. Or a farm that already has a high level of

### Vicon To Move Virginia Office To Pennsylvania

CHESAPEAKE, Va. - Vicon Farm Machinery, Inc. is relocating its Chesapeake, Virginia, sales and marketing office to a new location in Pennsylvania.

Simultaneously, sales responsibilities are being divided, in that Virginia and North and South Carolina, previously under the Chesapeake operation, will come under the management of a sales office at Trussville, Alabama. States north of Virginia into New England will be managed by the new Pennsylvania office.

"Vicon has made a strong commitment to the North American market and will con-

tinue to do so," said Vicon chairman of the board, Piet Oosterling, who was in Chesapeake to make the announcement.

"During the past five years, Vicon has purchased and now operates two manufacturing operations in North America and has opened two distribution centers. And a third distribution center will be opened in the near future. During this same time, we have increased our sales companies serving North America from four to eight."

Most employees of the Chesapeake operation will be offered jobs at various new locations, a Vicon spokesman said.

Vicon employed 10 people at the Chesapeake branch, plus a sales force of another six. Sales personnel will remain the same for the most part, said Oosterling, with the same Vicon representative calling on the same dealers as in the past.

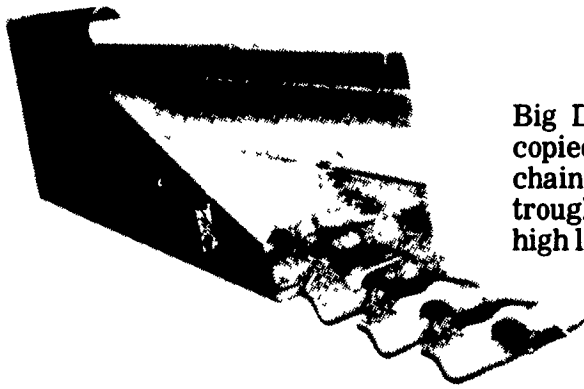
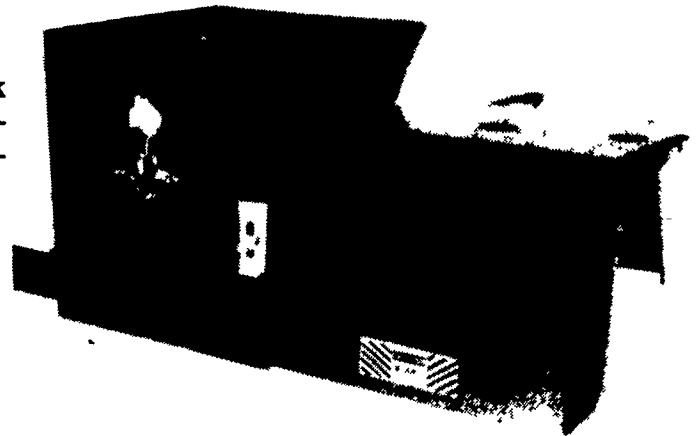
Vicon is headquartered in Nieuw Vennepe, near Amsterdam, Holland, and markets world wide. The North American operation was launched at Chesapeake, Virginia, in 1971.

Vicon manufacturers mowers, mower/conditioners, rakes, tedder rakes, round and square balers plus fertilizer spreaders S-tine field cultivators and sprayers.

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