



Brockett's Ag Advice

By John E. Brockett
Farm Management Agent
Lewistown Extension Office

Labor Incentives

Farm businesses have a difficult time competing with other businesses for hired help, if basic dollar salaries are the prime consideration. This has been the case for as many years as I have been in Extension. There are several reasons for this including the high amount of capital required in relation to income produced for most farm ventures, the relatively low profit margin in relation to inputs and managerial skills, and the required long hours of labor. Farmers have learned to partly cope with this by developing several so called "incentives" for farm labor. These may include housing, food, payment of part or all of the utilities, furnishing fuel for the employees personal car, and time off to hunt and/or fish.

Sometimes young potential farm employees are looking for other types of incentives. They may even

be willing to forego some of those traditional perks available to farm employees. Some of them want a piece of the action. Some want a voice in management decisions, especially those that affect them personally. Some are asking for payment of health insurance and disability, both of which are becoming major items to families. For a number of years, I have been asked by farmers and a few hired people for ideas on incentive programs. In that period of time, I have collected incentive ideas from farmers using incentives for employees. I have also found that one of the biggest incentives for farm employees is just plain old "how they are treated by the employer and employer's family members". One thing I did discover was that no one incentive program would fit all situations. In fact, some incentives that work for

some farms may even be counter-productive for others.

Ownership of Assets

Ownership of assets used in the farm business can be a satisfying form of labor incentive if it is carefully thought out and considers both the employers and the employees goals. These assets can be livestock, equipment, buildings, or any other asset used in the business. One of the most critical parts of this type of incentive is the written agreement. It must spell out terms, limits, responsibilities, length of agreement, review and possible change procedures, and employment termination options or results. The employer and employee should consult with someone knowledgeable about their farm business before developing such an agreement. This person should be asked for suggestions, criticisms, and a summary of potential problems that could occur with the arrangement.

Some examples: A — Employee can own up to 10 percent of the dairy herd. As payment for those animals owned by the employee, the employer pays the employee 20 percent of the return above feed cost for those animals. Depending on the base pay and other incentives offered by the employer, there may or may not be a charge for raising calves.

B — Employee may buy a self-propelled combine. The employer agrees to pay the employee a custom charge for all grain harvested on the farm by the employee. The employer also agrees to allow the employee to harvest other farmers grain as long as it does not interfere with pre-planned work on the farm.

C — Employee may purchase a semen tank and take a course in A.I. The employer may agree to pay the employee a fee for breeding cows. The employer may also agree to allow the employee to breed other farmers' cows after chores or at limited times otherwise.

D — Employee may own 10 sows in a sow farrow-to-finish operation. The employer may agree to purchase all pigs from the employee's sows as 40 pound feeders at market price or allow employee to sell those pigs as feeders elsewhere.

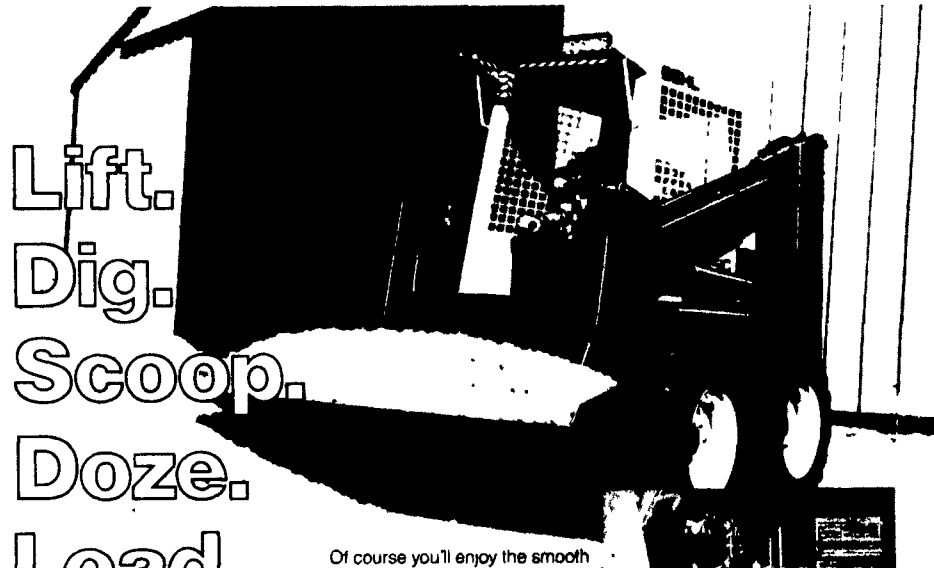
E — Employee may own or buy a feeding facility or a silo. The employer may agree to pay the employee a rent of 12 percent of the cost or value of the facility per year as long as the employment continues with the requirement that the employer would purchase the facility for a pre-set value or a value based on appraised or book value of the facility at the time the employment should be terminated.

Advantages and Pitfalls

Advantages of the ownership incentive program are: (1) Employee does get an opportunity to build a certain amount of equity if the ownership is of capital items. (2) Employee shares in the ups and downs of the market which may

make him more sympathetic with the economic straits of the farmer. (3) Employee can get some income based on his input, including the selection of the asset to be purchased. (4) Employee becomes a self-employed person for that phase of the business and can thus use tax laws favorable to self-employed people, such as depreciation of capital items. (5) Employer may save some labor-related costs. (6) While employee is busy managing his own assets, the intermingled employers assets should benefit.

Problems can crop up in this type of program. (1) The business may be too small to allow much employee asset ownership which will frustrate both parties. (2) There must be a considerable amount of trust between employee and employer to make it work. Example: The return over feed cost is based on the cost of the feed going into the animals, the amount of feed reported as fed, and the amount of milk produced on DHI. If the employer over values feed, or the employee feeds unreported feed to his animals, or the DHI figures are not correct, some one will be gypped. (3) The employee may neglect the employers work to increase his own income from custom work. (4) Poor employer management may offset any good management decisions made by the employee. (5) The labor arrangement may be terminated early due to a number of circumstances, including death. This may result in a financial loss to the employee if assets can not be sold or moved easily.



Lift.
Dig.
Scoop.
Doze.
Load.
Push.
Scrape.
Haul.
Trench.

And
Enjoy.

Of course you'll enjoy the smooth operation of Gehl's versatile skid loaders. Plus all of the creature comforts inside the cab.

But what you're likely to enjoy most is thinking about how much time and money you're saving, being able to get tough jobs done fast. And economically—because Gehl's built-to-last skid loaders are also affordable.

You'll enjoy the knowledge that your Gehl outclasses the competition. With dual hand operated LOAD-TRAK T-bar controls—one on each side within easy reach—and simpler to learn and use than foot controls. Rollback ROPS for quick serviceability. Quick Hydro Lock attachment change. Easy engine access. Plus many more convenience features.

You'll also enjoy being able to add specialty attachments easily and quickly. confident your machine can handle them. Like pallet forks. Utility fork with grapple. Buckets. Backhoes. Trenchers. Tree diggers. Sweepers. You name it.

Take a look at Gehl's full line of LOAD-TRAK T-bar control loaders and pick the one that's best for you. On the popular



With removal of two bolts, overhead guard rolls back and locks, exposing entire drive train. Benefit: lower maintenance cost, greater protection for the mechanic.

liquid-cooled 3510 gas/3610 diesel and 4510 gas/4610 diesel loaders you'll like the self level load action that keeps the load in place throughout the lift cycle. And you'll like Gehl's new very affordable 3310 gas/3410 diesel with easy handling and superior engineering—plus lots of power. The 3310 has a 750 lb SAE rating and the 3410 has a 925 lb rating. With the addition of the 3310 Gehl loaders range from 750 to 1225 lb SAE lift ratings.

Your Gehl dealer will show you how these versatile skid loaders can run circles around the competition. Make us prove it with a demonstration. You'll enjoy that!



Gehl Company West Bend WI 53095

— Ask your dealer about GEHL FINANCE —

A.L. HERR & BRO.
Quarryville, PA
717-786-3521
STOFFER BROS. INC.
Chambersburg, PA
717-263-8424
UMBERGER'S OF FONTANA
Lebanon, PA
717-867-5161
PEOPLE'S SALES & SERVICE
Oakland Mills, PA
717-463-2735

LEBANON VALLEY IMPLEMENT CO., INC.
Richland, PA
717-866-7518
GEO. W. KINSMAN, INC.
Honesdale, PA
717-253-3440
NINES EQUIPMENT
Cresson, PA
814-886-4183
Bellwood
814-742-8171

ARNETT'S GARAGE
Hagerstown, MD
301-733-0515
BINKLEY & HURST BROS.
Lititz, PA
717-626-4705
BENNETT MACHINE CO.
Millford, DE
302-422-4837
ECKROTH BROS. FARM EQUIPMENT
New Ringgold, PA
717-943-2131

MILLER EQUIPMENT CO.
Bechtelsville, PA
215-845-2911
NICHOLS FARM EQUIPMENT
Bloomsburg, PA
717-784-7731
PETERMAN FARM EQUIPMENT, INC.
Carlisle, PA
717-249-5338

ELDER SALES & SERVICE, INC.
Stoneboro, PA
412-376-3740
SPRINGS EQUIPMENT, INC.
Springs, PA
814-662-2222
DAYTON EQUIPMENT CO.
Dayton, PA
412-783-6990

Martin Concrete

Subsidiary of Martin Paving, Inc.

CONCRETE MIXED AT JOB SITE

SAVE
\$\$\$



METERED DELIVERY
PAY ONLY FOR WHAT YOU USE!

No Waste - We Mix Any Amount You Need
Mixes Can Be Changed Right On The Job

Mon. Thru Sat.
Delivery
P.O. Box 446
Ephrata, PA

Ephrata: (717) 733-7915
Lititz: (717) 626-2494
Lebanon: (717) 272-7541

POLYVINYL P.V.C. PRODUCTS

100's Of Uses

P.V.C. RAW MATERIAL

- 2x4
- 2x6
- 2x8 T&G
- 4x4
- 5x5
- 7/8"x1 1/2"
- 7/8"x3"
- U-Channel
- Pipe
- Accessories, Etc.

P.V.C. WHITE RAIL FENCE



3-Rail Fence w/Gates "Never Need Paint"
P.S. Polyvinyl will not rot, splinter, chip, etc.

Write To

QUALITY FENCING & SUPPLY

WHOLESALE AND RETAIL

R.D. 1, Box 428

New Holland, PA 17557