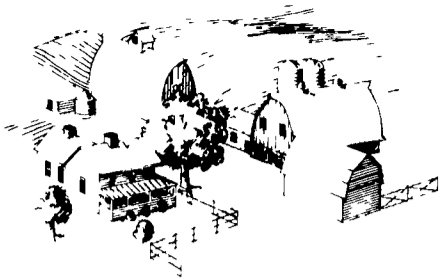


FARM MANAGEMENT



What comes after you bag the buck?

BY ROLAND P. FREUND
Farm Management Agent

When the flurry of excitement over the hunting season subsides, it will be time to get back to the real world. For farmers this means completing the crop production cycle for 1989 and being prepared for the rigors of the coming season. This involves the important task of taking inventory, not only of the trophies and the game in the freezer.

What should we inventory?

Almost everything on the farm should be inventoried annually. It is a vital tool to help us with decision making. Knowing how we can use this information might help us to carefully take stock of:

1. **Crops:** It is important to know the 1989 production and value of each crop. Estimates based on the neighbor's 5-acre yield can be very misleading. What's sold or is in the storage "bin" is what counts. This could enable us to calculate each enterprise's contribution to farm profits.

Planning cash-crop sales can only be done when we know what is in inventory. Likewise livestock

farmers must have this information to plan feeding strategies and programs.

2. **Livestock:** Nose counts are not very useful unless they are combined with a market value and inventoried by species, age, and production groups. This simplifies the planning of the feeding program for winter and beyond. Getting the groups inventoried helps us check with production and breeding records to determine:

- reproductive performance and efficiency
- death losses
- breeding schedules
- planned sales
- future production and cash flow

3. **Machinery:** Inventory and evaluation of all equipment may be convenient at the time it is winterized or placed in storage. This helps managers to plan a maintenance and repair program and also a machinery replacement schedule.

4. **Buildings and land improvements:** Taking careful stock of these structures and their values will likewise help us to plan their maintenance, improvement or replacement.

5. **Land:** Listing owned and

rented land areas by soil class and productivity groups will help with the planning of crop enterprises. Real estate values should be adjusted every few years to reflect the local market, especially if this information is to be used for estate planning.

6. **Labor resources:** Taking stock of the family and the hired labor resources should be done annually. Evaluation of job performance and management ability should be the basis for salary and benefit adjustments. It might also reveal the need for restructuring or reorganizing the work force for more harmonious and productive relationships.

Other uses for inventories

In addition to the uses of specific inventory information as already discussed, there are other valuable management applications. These include:

a. **Thanksgiving:** Particularly after many people have lost all in floods, hurricanes and earthquakes, we need to take stock of our assets and recognize them as our blessings.

b. **Tax planning:** While tax law changes have reduced the options available, some income and expense payments can still be moved to even out potential tax burdens.

c. **Business analysis:** All business analyses are only as useful and as accurate as the inventories and production data that goes into them.

d. **Cash-flow planning:** Basing 1990's cash flow on what happened in 1989 is futile. To be accurate it must begin with the inventories and continue with the breeding schedule of livestock and the planned cropping program.

e. **Estate planning:** From an

accurate inventory and current evaluation of all business and personal assets, much of the information can be gleaned for basic estate planning. It is important as family and economic circumstances, and tax laws change, that families regularly revise their estate plans. Watch for Estate Planning Programs

This winter many counties, par-

ticularly in Southcentral Pennsylvania, will be conducting basic estate planning programs. Meetings and publications are available, on an equal opportunity basis, covering such topics as: Settling the Estate, Planning the Estate, and Business Transfer Arrangements.

Contact your county extension office for further details.

Dairymen Inc. Returns \$16.3 Million To Farmers

LOUISVILLE, KY — Members of Dairymen, Inc. who marketed milk through their 17-state regional milk marketing cooperative in 1983 are receiving equity checks, interest and reinvestment confirmation notices totaling \$16.3 million this week.

This distribution to approximately 9,100 equity holders throughout the middle Atlantic, southeastern and midwestern states represents an average amount of \$1,790 which is in addition to members' regular milk checks.

The amount distributed provides for the retirement of over \$12.4 million of per unit capital retains and patronage dividends allocated to members' accounts for the fiscal year which ended Aug. 31, 1983, together with the retirement of approximately \$3.9 million of Member Equity Reinvestment Program (MERP) series 1986 investments eligible for redemption, plus interest.

Dairymen's Board of Directors authorized the retirement of this member equity at its October 1989 board meeting. Each year the

board must take the necessary action to authorize the retirement of member equity under the cooperative's revolving program. Dairymen historically has revolved its equity on one of the shortest retirement cycles in existence among dairy cooperatives.

"We are pleased to be able to return such a significant amount of equity investments to our members at this time," said James E. Mueller, Dairymen chief financial officer.

Dairymen members have invested \$79.1 million in their cooperative as of the fiscal year ended on Aug. 31, 1989.

Dairymen, Inc. is a regional milk and dairy products marketing cooperative headquartered in Louisville, Ky., with approximately 5,200 members in 17 mid-Atlantic, southeastern and midwestern states. The cooperative also processes and distributes a full line of quality milk and dairy products under its Flav-O-Rich, Ehrler's and Farm Best brand names throughout its operating territory.

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