



GLENN'S UDDERINGS

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Farming Requires Self-Analysis

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LANCASTER (Lancaster Co.)
— The end of one year and the beginning of a new year is a good time to look back to see what you have accomplished, and to look ahead to determine where you want to be next year and 10 years from now.

It is a good time to ask why are you farming? What are your family's goals? Is the farm working for you and helping you to accomplish your goals, or are you a slave to the farm? As a farm manager, you should be concerned about these important questions that affect the life of you and your family.

The worksheet on the other side can help you calculate your costs, your profits, and your family living needs per cwt. of milk shipped. You get paid a certain amount per cwt. of milk shipped, but do you know how much it costs you to produce that milk, and the margins of profit needed to support your family? As a busi-

ness manager, you should know these figures.

If your profit margins on line 29 are too small to meet your family living needs on line 31 plus all of your mortgage payments, including the portion on line 30 that is related to land - -

a. How much do you need to cut production costs on line 28 or on lines 34 thru 38 to get the margin of profit you need, and can these cuts be made without hurting your business in the long run?

b. How many cwts. of milk must you ship, at your present margin of profit per cwt. of milk, to meet your family's needs (column 2, line 31 divided by line 29)?

c. How many cwt's of milk must you ship per cow to meet your family's needs (the answer in b. above divided by the average number of cows milked per year)?

d. What changes can you make to improve farm profits? Estimate the impact these changes will have on farm income and expenses.

(Turn to Page D4)

Income and Costs per Cwt. of Milk

	As Currently Operated		Future Situation:	
	Totals or Yr.-to-Date	Amount per Cwt.	Change	Totals or Yr.-to-Date Amount per Cwt.
1. Cwt. of Milk Shipped	11340	x x x x		x x x x
2. Income:				
3. Milk sales	146505	12.92		
4. Cattle, calf sales	17556	1.55		
5. Dividend, premium, refund				
6. Other				
7. Total Income	164061	14.47		
8. Expenses (paid and unpaid for the year):				
9. Labor	11943	1.05		
10. Feed	40708	3.59		
11. Consulting				
12. Breeding, testing, registrat.	3299	.29		
13. Vet, medicine	3260	.28		
14. Dairy supplies				
15. Marketing, advertising	9133	.81		
16. Trucking	1305	.12		
17. Custom work	444	.04		
18. Crop supplies, fert, chem	13053	1.15		
19. Fuel	4772	.42		
20. Utilities	4812	.42		
21. Repairs	10638	.94		
22. Rent, leases	6375	.56		
23. Taxes	2674	.24		
24. Insurance	3452	.30		
25. Interest	11441	1.01		
26. Depreciation	16544	1.46		
27. Other	3088	.27		
28. Total Costs	143853	12.68		
29. Profit	20208	1.78		
30. - Land mortgage payments	5000	.44		
31. - Family needs	31063	2.74		
32. Surplus or deficit	-15855	-1.40		
33. Categories of Costs:				
34. * Feed-related	99745	8.80		
(add lines 10 + 11 + 17 + 18 + 19 + field share of costs on lines 9 + 22 + 23 + 24 + 25 + machinery share of costs on lines 21 + 22 + 24 + 25 + 26.)				
35. * Herd replacements	30000	2.65		
(total replacements added x the estimated cash and non-cash costs per replacement)				
36. * Machinery & equip. costs	42920	3.78		
(machinery share of costs on lines 21 + 22 + 24 + 25 + 26)				
37. * Real estate costs	24500	2.16		
(land & building share of costs on lines 21 + 22 + 23 + 24 + 25 + 26 + line 30)				
38. * Debt-servicing costs	40528	3.57		
(lines 25 + 30 + all principal payments)				

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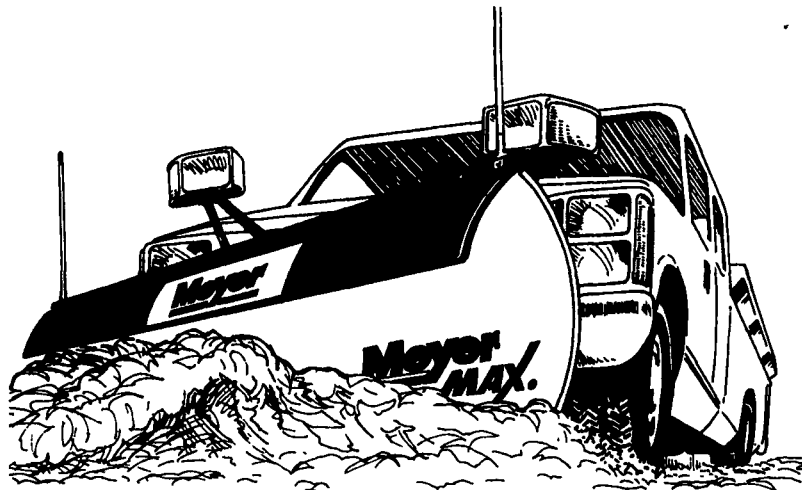
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