

Farm Management



Use Your Winter Wisely

Well, the cold weather has arrived and snow may soon be on its way. Another year's crops have been harvested. Field work is several months away. It's the time of year where we take a deep breath, reflect on the past year and look forward to the next with hopeful anticipation. Over the next few months, sit back, relax and enjoy the slow time of the year. You've earned it -- right? We can't plant or harvest, so what else could we possibly do?

Actually, there is much that can be accomplished during this time of year. For example, review last year's crop and livestock production performance and ask yourself a few questions. How did your actual performance compare to your goals?

What went well and what did not? What caused me to exceed or fall short of my expectations?

Consider management changes you can use to improve performance. Determine which management practices were successful and think about implementing them again next year.

Consider completing an enterprise analysis, the process of reviewing the revenues, expenses and returns for a stand alone activity.

Examples of enterprises may include corn, soybeans, vegetables, dairy, heifers, cattle, market hogs, sows, layers, etc. What was your return or margin per hundred weight of milk sold, per pound of meat sent to market, per dozen eggs, per acre of crop produced?

Determine where you are spending your dollars and what return you are receiving. Which expenses and commodity prices can you impact? Consider how you can lower controllable costs

Use the results of this analysis in your decision making process. If you are considering the purchase of a piece of equipment or additional land, how will it impact your cost of production within the specific enterprise(s).

Complete the maintenance on your machinery and equipment and be prepared when the planting season arrives. Look at each piece of equipment and replace or fix broken and worn parts. Have your planters and sprayers calibrated ahead of time. Don't wait until you need to be in the fields to see if your equipment is ready.

Spend some time updating or developing a succession plan. This is the process of preparing individuals and your operation for the future transfer of management and ownership. When discussing this topic, most people think first of estate planning. If you already have an estate plan, review it and determine if it is still accurate and relevant. This should be done at least annually or whenever a significant change within the family or operation takes place.

If you do not have an estate plan, now is the time to put one in place. Remember that when drafting a plan, it is critical to use an attorney who is knowledgeable in estate planning.

Succession planning also involves preparing individuals for

future management responsibilities. Involve key family members or employees in discussions and the decision making process in areas such as health programs, nutrition, finance, marketing and production. Include them in discussions with specialists such as the veterinarian, feed sales person, nutritionist, banker and accountant. Consider having them present an overview of the operation to the banker or accountant. Be sure to explain why a certain decision was made.

Remember that you must maintain an open mind to suggestions presented by these key individuals and take the ideas seriously. These ideas may not all work, be realistic or be implemented, however, it is part of the learning process. Begin by determining the key management responsibilities. Then establish methods for training, develop a time frame for initiating the process and develop benchmarks for tracking progress. You may even decide to involve specialists in the training as necessary.

Take the time to evaluate your production, financial, personal, and family goals for 1998. Do you want to increase production, initiate a retirement plan, or spend more time with your family? Have your family members do the

same and then share the results with each other. You may be surprised at what you learn.

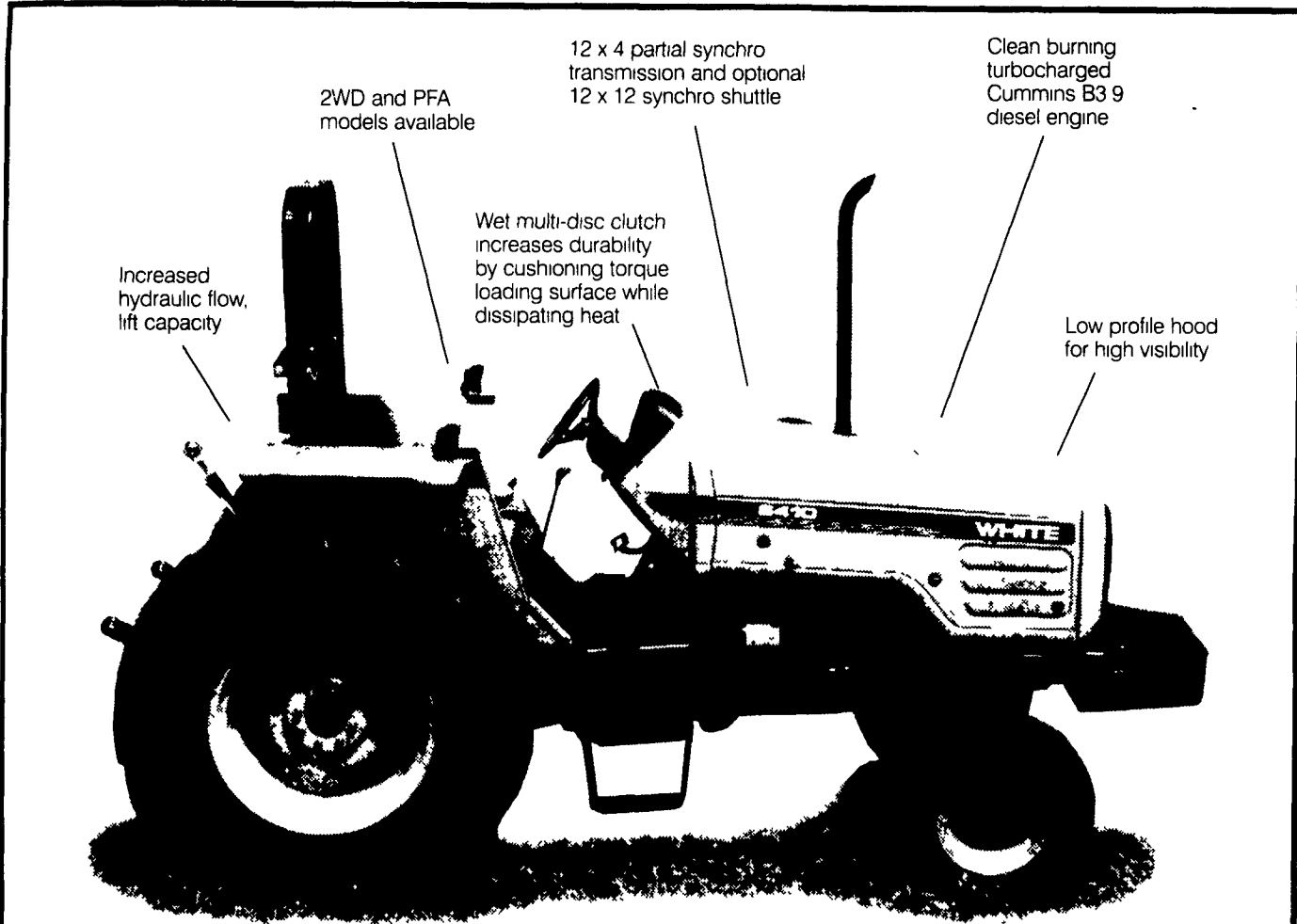
Remember that any goal should be specific, measurable, attainable, rewarding and have a time limit. Once goals are established, develop an action plan and decide who is responsible and accountable for following through on the plan. Monitor your progress and results. Also, the goals should be part of and relate to an overall plan or vision for your family, the operation and you.

I am not sure of the original authors, however, consider these two familiar statements; "If you don't care where you want to get to, then it doesn't matter which way you go" and "If you don't take charge, change will take charge of you and you won't like it."

Management is a series of choices and each choice has consequences -- some are good and some may be bad. Determine your goals and establish action plans to reach them.

— Dennis Ginder
Farm Management Agent
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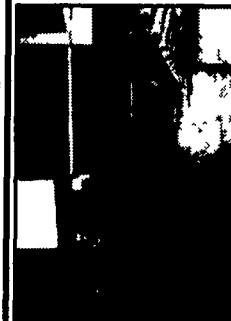
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