

Analyst Says Top 10 Megatrends In Agriculture Will Continue

VERNON ACHENBACH JR.
Lancaster Farming Staff
LANCASTER (Lancaster Co.) — More and more of the same — change.

Overall, that was the message from a variety of speakers at the 17th annual CoreStates Bank agri-education seminar held Thursday at the Lancaster Farm and Home Center.

CoreStates, a leading lender in the region, is to merge with First Union Bank of North Carolina in April, but is to retain its commitment to serving the agricultural sector, according to Darvon Boyd, director of CoreStates' Agri-Finance Department.

About 470 people attended the Thursday event, which had the theme, "Taking Charge of Change."

Speakers included three agricultural economists — H. Louis Moore, Penn State University professor; Dr. Barry Flinchbaugh, Kansas State University; and David Kohl, Virginia Tech Polytechnic Institute.

Other speakers included Lynn Henderson, president of Doane Agricultural Services Company; Kate Coler, federal legislative representative for agricultural banking issues with the American Bankers Association in Washington, D.C.; Dr. Charles Hosler, Penn State professor emeritus of meteorology; and Richard Poterff, a chief economist and director of economic services with

Doane.

Speakers representing CoreStates included Lawrence Delp, president of CoreStates Keystone Market, F. Barry Shaw, chairman of the CoreStates Agri-Finance board of directors, and Joseph Del Tito, executive vice president and senior credit officer with CoreStates Keystone Market.

The event also included presentations by Gerald Boyd, the 1997 Lancaster County superior achievement winner, who spoke on 4-H opportunities for preparing youth to be able to set and accomplish goals for themselves and for their community; and Kendra Weaver, Lancaster County FFA vice president, and county poultry ambassador, who talked about the FFA, and how the next generation is preparing to take over family farming and how the definition of the family farm is changing.

Henderson, president of Doane, provided his list of "The 10 Megatrends of Agriculture."

Doane is an Ohio-based information and consulting business, founded in 1919, that is known for its newsletters and publications.

Henderson said that since accepting the assignment of preparing for the talk, he did a lot of research.

After several conferences with Doane economists, reviews of research, visiting with USDA and other policy makers, as well as executives and leading agricultural leaders, he said he arrived at what

he considers the 10 things that are shaping United States agriculture.

Henderson listed the trends.

The number one trend to affect agriculture he said is that the world will continue to need what the United States produces.

He said the reasons are fairly clear: there are 90 million more people every year who need to eat; diets worldwide are improving and higher nutritional demands increases overall demand for agricultural production; education levels are increasing, meaning that nutritional knowledge is increasing and thus demand for higher-valued commodities will continue; and intense global competition to provide those foods to those markets will keep prices down and more available to consumers.

He said more of the world is moving away from coarse grains to foods with higher caloric intakes.

The number two trend, he said is that farming is to be a riskier venture than ever before.

He said that the Freedom to Farm Act allows for more uncertainty in production. Farmers' ability to make last minute decisions on what crops and where to plant changes the current ability for as accurate production estimates to be made.

He also said that farm program payments are disappearing, and shallow pockets coupled with tight profit margins can mean disaster more quickly than ever before in a bad-season.

That is added to by volatile markets, which can be dramatically affected by production levels, consumer beliefs, and changing information.

He said that agricultural price fluctuations are about twice that experience by Wall Street traders. He said that a 3-percent change on Wall Street is considered very significant. At the same time a 7-percent change in agricultural prices is common.

He said he projects fluctuations in agricultural prices to only increase.

The third trend identified was that fewer and fewer producers will find that they don't have to do everything by themselves anymore.

He said that the current information explosion will be able to provide farmers with more ideas of how they can better compete, and new professions are emerging that will be able to provide help.

Henderson said he surveyed some farmers about their use of advisors. The results showed that while 40 percent said they used market advisors, 44 percent said they will be using them in the future.

He said that 24 percent said they use crop consulting services and 30 percent indicated they would be using those services in the future.

Similarly, while 15 percent use financial analysis now, 21 percent said they would in the future.

The fourth trend was to get away

from having to own everything — land, equipment, etc.

He said the high cost of accumulating equity through farming doesn't make sense for some with such riskiness in business.

Ownership is not necessary, he said, and showed a map that indicated vast areas of agricultural production land that is either rented or leased.

He said 40 percent of United States farmland is non-operator owned, and he said he would not be surprised if the real amount of land owned by a non-farm operator was more than 50 percent.

He said continued and expanded alliances and cooperative ventures are expected under this trend.

A fifth trend is that profitability will continue to be a function of the size of an operation.

He said that the advantages of economies of scales will continue to drive decisions and operational design.

Increasing regulation will require that in order to produce competitively and to be able to absorb the additional cost of complying with regulatory controls and oversight, farms will have to be bigger.

Henderson said the growth in the size of farming operations, and a decrease in the number of operations, has been a continuing trend for that and other reasons.

He said that in 1980, there were about 700,000 hog producers in the nation and that has decreased to

(Turn to Page A29)

New Master Farmers Named

Keith And Helen Masser

(Continued from Page A20)

come from Idaho. The balance are from other regions of the country. Potatoes are marketed to Mid-Atlantic supermarket chains.

Key potato players. Massers play a key role in Pennsylvania's fresh-market potato industry. Massers can repackage potatoes and mix shipments to supply markets even during months when there's no Pennsylvania crop. That way, growers still have a market when their new crop comes in.

From the beginning, Keith's emphasis has been marketing. Potato sales have grown from \$600,000 in 1976 to \$10 million in 1997.

To ensure they can outperform the competition, Massers built a 120-by-60-foot refrigerated potato storage so they can inventory potatoes. And they installed state-of-art packaging equipment to pack them fast. A nine-truck fleet of tractor-trailers moves them out for guaranteed delivery.

Adopting new technology. "We seek out technology that's out there, and we apply it early on," Keith explains.

Keith was one of the first in the state to install center pivot irrigation. They also use a variable-rate sprayer that adjusts to the ground speed of the tractor. They bought two new combines with yield monitors last year.

Trucks are replaced as they go out of warranty. Dependability is a must for deliveries, Keith reasons.

Air harvesters also improve quality by separating rocks and alleviating bruising. A comput-

erized potato planter allows them to adjust spacing and easily vary fertilizer rates.

Helen has kept accounting records on computer since the early '80s. Six office computers are currently networked.

Construction will begin this spring on a \$3 million building and potato packaging machinery expansion that will handle projected production 10 years from now. The new packing house should be in operation by May 1999.

A large land base. Massers' operation has grown to more than 2,600 acres owned and rented. Besides potatoes, they raise 920 acres of corn, 250 acres of soybeans, 400 acres of wheat, and 50 acres of oats and rye.

Their three-year rotation is part of an Integrated Pest Management program to help combat Colorado potato beetle. It includes potatoes, cover-crop rye, no-till corn, no-till wheat and cover-crop sorghum-sudangrass to reduce soil erosion and disease.

Beyond the farm. Helen currently serves as vice president of the National Potato Promotion Board, and vice chairman of its Research and Evaluation Committee. Keith is past president.

Keith is currently president of Pennsylvania Cooperative Potato Growers, Schuylkill County Farmland Preservation Board, and Susquehanna River Basin Commission Ag Advisory Board.

Their children, David and Julie, attend Penn State.

Ronald L. Widmyer

Ron Widmyer grew up on his parent's dairy farm, then left for Carnegie-Mellon University and a mechanical engineering career. But his career in aerospace design and graduate business school took a turn in 1972, due to his parents' health crisis.

The Charles Town, W.Va., farmer returned to Federal Hill Farm to help and learned the business of running the recapitalized dairy. Two years later, Federal Hill Farm was incorporated, allowing his father's retirement and change-over of the business to Ron and brother Todd.

Through the '70s, the dairy operation expanded to milking 145 cows in a 15-stall herringbone parlor. Cropping operations gradually grew into the mid-80s to 1,750 acres of corn, soybeans and wheat, mostly under no-till.

A 100,000-bushel grain storage and drying system was constructed, partly in anticipation of developing an ethanol plant. Widmyer and 20 area farmers founded Shenandoah Ethanol Inc., but disbanded it two years later because the project proved unfeasible.

End of dairy era. Faced with urban encroachment the late '80s, the Widmyers cut back on rental ground and began designing a flow-through tank trout production system to use cold spring water flowing at 1,500 gallons a minute. They designed, built and still market automatic feeders patented by Ron.

Incentive to change greatly accelerated with the sudden

death of their herdsman in 1990. Four years later, the herd was dispersed to concentrate on aquaculture.

Ron explains, "Specialized farming that more directly serves consumer interests had more potential. And we were able to find exceptionally skilled people to help."

Today's operation. Of the 850 acres farmed, 585 acres are owned by Federal Hill Inc. and Widmyer its president, the brothers aren't plagued with "new paint fever," but are technology-oriented and very focused on environmentally sound and cost effective practices.

Federal Hill rotates crops, uses at least two different corn herbicide families, went back to conservation tillage and does nitrogen leaf tests on corn.

Cropping corn, soybeans and wheat is Federal Hill Farm's primary operation. Last year's per-acre yield averages were: 90 bushels for (combined irrigated and nonirrigated) corn, 55 bushels for conventional soybeans, 20 bushels for double-cropped beans and 80 bushels for wheat.

The Widmyers and their trout operations manager Marilyn Fauble raise up to 20-ton processed and marketed under the Federal Hill Trout Farm label. The business has one other full-time employee and four part-timers.

Eggs are delivered in 30,000 batches, hatched in their elaborate spring-fed system. Six weeks after hatch, 1 1/2-inch fin-

glerlings are moved to 300-gallon tanks, then to 900-gallon tanks in a flow-through, single-pass system with a recirculating loop for adult fish.

Fish production is still a secondary enterprise for this operation. To minimize labor, "We built and rely on automated self-feeders," explains Ron.

Fresh market trout go to local restaurants. Some 15% of sales (and rising) are retailed as smoke trout and spread, with the rest sold through grocery chains.

Federal Hill also raises about 60 dairy replacement heifers and finishes about 60 head of dairy-beef steers a year. Ron's primary responsibilities are financial management, crop production and market development; Todd's are market promotion, sales advertising, maintenance and irrigation.

Irrigation "insurance." Underground irrigation pipe and hydrants on 200 acres near the farmstead have a two-fold purpose. A big gun hose cart irrigates water from the fish effluent stream or from the fish waste collection ponds.

"But in the 1991 drought, (the irrigated ground) provided a 70-bushel yield and our only harvested crop," notes Widmyer. Last year's 160-bushel irrigated average raised the whole farm average to 90 bushels.

No business priorities. Ron and wife Lyn have two children, Nick and Molly, both still in grade school. Widmyer hopes to instill in them the importance of education throughout life.