

FARM BUSINESS MANAGEMENT



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UPCOMING MEETINGS & EVENTS

Marketing Club Meeting – Wednesday, June 6th at 7:30 a.m. here at the CREC. Coffee and rolls are on shortly after 7:00 a.m. and we conclude the marketing meetings by 8:30 a.m.

Women's Ag. Marketing – Tuesday, June 19th at 5:30 p.m. here at the CREC. We will be looking at how to use options and how to use combinations of options to cut the costs while maintaining some realistic marketing goals. Pizza will be on the menu beginning at 5:30 p.m.

Marketing Club Meeting – Wednesday, June 20th at 7:30 a.m. here at the CREC. Coffee and rolls are on shortly after 7:00 a.m. and we conclude the marketing meetings by 8:30 a.m. Marketing is key to your operation. I encourage you to attend.

CREC Field Day – Tuesday, July 17th beginning at approximately 9:00 a.m. Remember to mark this date on your July calendar and then attend this annual and very informative event located here at the CREC.

BENCHMARKING STRENGTHS and WEAKNESSES

It is not a new concept in agriculture, but the power of computers gives you the opportunity to see how you stack up when comparing a wide range of variables. The Annual Carrington Area Farm Management Report for 2006 and the 2006 Region 3 Report for North Dakota provide you with a wealth of information to compare your farm's financial information and input costs to other similar farms in your area. This database of information can be used by you to help identify and study the strengths and weaknesses of your farm business. Additional information, along these same lines, can be found at ndfarmmanagement.com and at www.finbin.umn.edu. The finbin site is particularly useful if you wish to see a specific type of crop or farming arrangement within a selected geographical area.

MID-YEAR FARM CALLS

It is hard to imagine that we are almost to the mid-point of another calendar and farm production year. At this point in time there are a couple of important items that we need to take care of. **First we need to review some of the key numbers in your 2006 farm analysis.** What was your net profit and how did it compare to other farms of your size? How do you compare to farms with the same size asset base or level of debt that you have? What was your machine cost per acre for your various crops? Was it high or low? This is a new number that we need to be more aware of and has direct implications for our level of farm or ranch profitability.

The farm analysis holds within it, many key financial numbers and ratios. I encourage all farm operators to look over their analysis and each year to try and develop a better understanding of a few more of these key items. The analysis is not such an overwhelming financial document if we simply work with some portion of it and develop our understanding of it over time. It is your business analysis.

The second item we need to do on our farm call is **to review the beginning crop and feed inventory**

numbers, along with bringing all livestock inventory numbers up to date. The enclosed sample mid-year inventory form is a very useful tool in determining if the beginning of the year numbers were accurate. The more accurate the beginning numbers are the more accurate the analysis usually is.

To help schedule farm calls, and for some office calls here are fine also, I would ask that you call or email me with a suggested date and time that best fits your schedule. I will usually try to see two or three farms in the same area on the same day so any help you can give me in planning my travels is very much appreciated.

LIVESTOCK INVENTORY CHECK

At this time of the year we also bring the monthly livestock inventory pages up to date. This is a good method of checking our livestock numbers at this time of the year. I would suggest that you take a count of all livestock as they head for pasture. The monthly inventory pages will be updated later this fall to accommodate late summer births, sales and death losses on pasture.

USDA REPORTS

June 29th - Grain Stocks Report

June 29th - Planted Acreage Report

CROP PRODUCTION DATA PAGES

Enclosed with this newsletter is a two-sided crop production page for recording your crop production data, including such things as seeded acres, seed cost, fertilizer cost, RR or conventional type, row width, chemical costs, etc. The "A" side of this page is set up more like the typical crop data page of past years. You can use a line for each field or you may wish to combine all fields of one type into one line, such as all cash rented soybeans on one line and all owned soybeans on another line. If a cost, such as seed, is the same for all the soybean fields, simply list the grand total soybean seed cost in the first field, let's say it is on line 5, and then put a -5 in all the other soybean seed cost locations. This indicates that you want that particular expense spread evenly per acre on each soybean field. This same scenario may be used for other expenses such as fertilizer, chemical and custom work. You do not have to divide the costs by all the acres and then multiply them back by the acres in each field if you do not wish too. Our FINPACK program will do that for you. It will also prorate the expenses per acre when there is a share rental arrangement involving the landlord cooperating in purchasing some of the crop inputs. You should collect and review your crop data in the format that best meets the needs of your own operation.

The "B" side of the crop production page is set up in a vertical format and can be used for listing fields or by total crop under a specific rental or ownership arrangement. Those farms with many fields may prefer this page or they may wish to duplicate this page and have one page for each farm unit. That choice is up to the individual producers. Remember that it is difficult to identify individual strengths and weaknesses on a farm or ranch without good production data from the crop and livestock units. On this page you may also list the total production beside the number of acres owned, cash rented or share cropped and in this way you can get a better handle on what the total enterprise of owned acres did with its own production versus what happened on the cash rented land. If you list only one production total, that amount will be spread equally per acre over all the owned and cash rented and then prorated on the share cropped acres.

If you wish to use the crop production manuals that we have available here, either the 5 ½" by 8 ½" or the 8 ½" by 11" size, please let me know or feel free to stop by and pick one up.

DISASTER AID as PLANNED

If you experienced a 35% loss of a crop you will receive 42% of the established crop insurance price for your loss. Livestock producers may receive 61% for added feed costs and 26% to cover livestock deaths caused by natural disaster. It appears that producers may choose on of three years (2005, 2006 or 2007).