



NUTS & BOLTS

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GENE TRAVELS

Gene Francis, who served as the president of our organization, the National Farm and Ranch Business Management Education Association, last year, was part of a three man team to travel to Moscow, Russia, December 15-22, 1991. These three men presented a seminar on privatized farming to 400 farm managers, educators and government officials.

According to Gene, the Russian group was eager to become involved in private enterprise and could become good customers of the U. S. and Canada. Their infrastructure of that country is poorly developed and has deteriorated badly. The 75 years of being run by a communistic system has taken its toll.

Gene put together a few facts gleaned from his visit to that newly emerging country. It seems imperative that all of us understand how their system is different from what we see here in our two countries. It's going to be interesting to watch as this new system changes and develops from the old to the new as we sit on the sidelines and watch.

Farming Facts On A Small Collective Farm Near Moscow
by Gene Francis
Prairie Farm Management
Blooming Prairie, MN

The farm would be located about 900 miles north of a line running through Minneapolis, MN.

1. In the former Soviet Union they have both collective and state farms.
2. Farmers on state farms are employees and accumulate no equity in the farm.
3. Farmers on collective farms create an equity and are credited or paid a dividend or return on their equity (like a co-op).
4. Topography looks like Blooming Prairie, Owatonna, Faribault, MN area.
5. Size of this farm = 4400 acres (average farm size = 25,000 acres).
6. 3,500 people live on this farm (1/2 are able-bodied).
7. 1,000 people work on this farm.
8. Remaining able-bodied work in Moscow.
9. Annual wage = 1,200 rubles (\$10/year).
10. Capitalization of farm is at \$40,000,000 divided to all farmers on farm since its 1931 beginning.
11. Total annual sales in 1990 = \$30,000,000.
Total net profit = \$5,000,000.
12. The collective does not keep liquid assets in bank for fear that the government might freeze their assets.
13. Farm has 90 tractors and 90 trucks.
14. Some acres are irrigated.
15. Milk sent to Moscow is cooled but unprocessed.
16. Shelf life of milk = 8 hours in warmer weather.
17. Refrigeration seems uncommon in Russia.

18. No milk or butter in most Moscow restaurants.
19. Both men and women work on collective farms.
20. Pregnant women have 90, or more, days off. Depends on doctor's advice.
21. It is dusk in Moscow at 3 p.m. DST in December.
22. Farm families live in individual, brick gingerbread type houses in 7 hamlets on this farm. There are also 5 apartment buildings on the farm.
23. Small, hut-like homes (daschas) are located in rural areas where people come out from Moscow apartments and live in them in the summer and raise vegetables. Likely, these are then sold in the streets of Moscow.

Moo Zings
Wayne Craig
Student Teacher
Leroy-Ostrander, MN

I was skimming Agri-View, a weekly Wisconsin paper, the other day and came across an interesting article on pasturing dairy cattle (actually my wife noticed it and pointed it out to me since I don't skim real well). My first thought was my memories of being a kid back home on the farm trying to find the cows for evening milking on the "BIG HILL" pasture. I come from the "coulee region" part of Wisconsin so I do mean "BIG HILL." (For those of you not familiar with the word "coulee", I believe it's a French word which means: deep ravine, called by some, a gorge). As you might expect, those cows were usually in the far reaches of that pasture. Those were the days when you actually called your cows. I think the phrase most people used was "come bossy" although it got blended into one long word like "combocoss." Of course the cows were about as responsive as a cat is to being called, but you did it anyway because everybody else did.

Anyway, this article went on to say that a number of northern Midwest dairy farmers are having excellent results from well managed, rotationally grazed pastures (but not the same as the "BIG HILL" pasture). The pastures were typically a mix of alfalfa, red clover, timothy, bromegrass and quack. I don't think this last variety was intended to be part of the plan, but at least they're honest. Some of these farmers even had excellent results (as much as 60# of milk/cow) from pasture grazing, with no grain being fed. This allowed them to reduce their cost of production during the grazing season (April to end of October) by as much as \$6.00/cwt. By averaging this over the entire year, that amounted to a savings of \$1.25 to \$1.50/cwt! (major bucks). The University of Wisconsin Research Station at Arlington had similar results. This past summer they ran a study and showed that pastured cows produced more milk than cows fed stored rations in the barn, even though the pasture cattle received less grain. Other advantages cited by some producers were: improvements in herd health and breeding performance, less labor required because of less grain and hay production, and substantial savings in manure handling and machinery operating and repair expenses.

The key to this success appears to be the cow's ability to get high relative feed value (highly digestible and high % protein) from regularly rotated pasture grasses. Maybe we have been trying to turn the cow into a milk machine (pour feed into one end so she'll pour milk out the other) when in fact her original design works just fine if we let it.

So just maybe in the future we'll be hearing the cows being called home from the pasture like I remember when I was a kid: "COMBOCOSS." Not that the cows will actually respond to it, but it does give you something to do and everybody else will be doing it.

(Note: Wayne was born and raised on a Wisconsin dairy farm and before embarking on another career in teaching agriculture, spent several years working for Farm Credit Services. From the sound of his article, he's well on the way to publishing an informative, as well as humorous, newsletter.)

Succeeding In The 90s
David Kohl, Economist
Virginia Polytechnic Institute

1. Develop a plan and stick to it. Do not be afraid to make mistakes. Farming businesses don't fail because of one mistake.

2. Be entrepreneurial. Farmers should look for niche markets, the provide quality service and goods.
3. Look for peak performance in employees and in business. Employees control "discretionary effort" and that is the difference between choice-to-do and the difference between the maximum-possible versus the minimum-acceptable.
4. Make education a high priority. Set aside 2% of gross farm earnings for educational services for yourself and employees. Though it sounds like an expensive "idea," misapplication of a pesticide from an untrained employee can be even more costly. Also "cherish your frontline people" and work to build an attitude of teamwork among employees.
5. Produce for the mass market. To do well, farmers need to be in the lowest third in production costs and the top 75% in marketing.

THANKS A HEAP

After my appeal, or is it an appeal and 1/2, for newsletters, quite a few have responded. Thanks much. But frankly, I'd like to get still more, and especially from more states than Minnesota, and North and South Dakota.

I'm happy too to get articles (original or stolen, I don't care which) that might be good material for our newsletter. Some time ago Ira Beckman, who hangs his hat in Montgomery, MN, copied a piece from Doane's Ag Executive and sent it me, wondering if I was interested. After reading it, and now re-reading it, I'm sure that you readers are going to think it hits the spot.

Why Farm Management Is Like Golf
by Barry Hobson

Fred Picker, a very fine photographer, writes an opinionated newsletter and has a way of getting right to the heart of an issue. What he said recently about the tendency of some folks to overcomplicate things applies to a lot of things besides photography.

Fred writes: "Watch a great golfer; he doesn't seem to do much. The club just swings. Watch a hacker. He seems to be doing everything."

I used to play a lot of golf, and Fred's statement brought a smile to my face as I recalled struggling with the game. Yep, I've seen some of the most complicated golf swings you can imagine--complicated, but ineffective. We hackers seem to work so hard for so little.

The game of farm management can be made pretty complicated too, and frequently the ones with the most complicated management techniques are the hackers, while the most successful make it seem easy. So, as Fred has with his photography, I have grown to eschew complicated farm management techniques. Management failures generally involve simple things, not complicated ones. The expert manager's secret is that he is good at the simple things, the fundamentals.

Complicated methods of analysis and incessant number crunching are useful for fine-tuning, but it is not fine-tuning that makes the excellent managers stand out. Differences in production management relate to whether the field work gets done on time and to how that work gets done. Analyzing something to the nth degree won't save the farm if the cultural practices are a bit shoddy.

Differences in machinery management are not so much related to whether replacement decisions are mathematically optimal as they are to whether or not the machinery is kept in good repair, is ready to go to the field, and is used to full capacity. Differences in marketing are not due to sophisticated techniques--puts, calls, hedges, time-series analysis--but to whether the manager is able to make a decision logically and without hesitation. A marketing decision made with confidence on a simplistic basis is better than one made with hesitancy using a sophisticated theory. And finally, differences in financial management do not issue from sophisticated ratio analysis or computer analysis. Sound judgement and common sense are probably more important.

You don't read much about these fundamental things in Ag Executive because, frankly not that much can be said. The more sophisticated aspects of farm management that you read about here are indeed important and can make a difference, but only for those who exercise diligence, sound judgment, and common sense in the more mundane aspects of farm management.

SOUTH DAKOTA CALLING

I received my first mailing from Brian Jorgensen, who is co-manager of next summer's NFRBMEA conference in Rapid City, SD. Even though I've traveled to and through that area several times in my 65+ years on this earth, I still get excited about going again. You should be making plans right now to attend. It's a fantastic vacation for the family, and besides, you're going to learn something. The big plus, I think, is being able to rub shoulders with people just like you. You get a chance to take off your blinders and learn from each other. And you find that the world is bigger than you see every day as you push your nose to the grindstone.

So, if you haven't done so already, whip out your pen and draw a big circle around June 7-11, 1992. And when the reservations letter comes from Brian or Dan Oedekoven, send it back to the Holiday Inn right away. If I remember correctly that should come in late April or early May.

UFF DA AGAIN

I've noticed that several newsletters these past few months, have had STRESS as one of their topics. Evidently, many of you think that your farm or ranch clients are exposed to stress and need to manage it better.

I wonder how many of you have taken a look at yourselves lately. Are you showing some of the signs? How are you handling it? Here are 10 ways as taken from Jim Kastanek's newsletter. Jim, formerly a farm business management instructor in Albany, MN, now operates a farm management consulting service from the same location:

1. Set realistic goals and priorities and identify those things you must do first.
2. Organize your time in accordance with those priorities.
3. Learn to say NO when asked to do something stressful.
4. Recognize that some stress is unavoidable--it's part of life.
5. Make a list of stressful situations in your life.
6. Divide the list into things you can't avoid or control and things you can hope to influence.
7. Use your time and talents effectively to address those stressful situations you can change.
8. Don't waste your energies in a frustrating attempt to conquer what you can't control.
9. Don't be afraid to ask questions, solicit suggestions and share your problems with others.
10. Do allow yourself time out--enjoy personal interest, smell the roses.

Be careful to sell your horse before he dies. The Art of Life is passing losses on. Robert Frost

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