



NUTS & BOLTS

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JOHN HEST, EDITOR



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The Winner's Creed

Author Unknown

People are unreasonable, illogical and self-centered.
LOVE THEM ANYWAY!
If you do good, people will accuse you of selfish ulterior motives.
DO GOOD ANYWAY!
If you are successful you will win false friends and true enemies.
SUCCEED ANYWAY!
Honesty and frankness make you vulnerable.
BE HONEST AND FRANK ANYWAY!
The good you do today will be forgotten tomorrow.
DO GOOD ANYWAY!
The biggest people with the biggest ideas can be shot down by the
smallest people with the smallest mind.
THINK BIG ANYWAY!
People favor underdogs but follow only top dogs.
FIGHT FOR SOME UNDERDOGS ANYWAY!
What you spend years building may be destroyed overnight.
BUILD ANYWAY!
Give the world the best you have and you'll get kicked in the teeth.
GIVE THE WORLD THE BEST YOU'VE GOT ANYWAY!

MISTAKES GALORE

When my friend Jim Kastanek writes a piece for the newsletter that he sends out to his private management clients, I generally pay pretty close attention. It's likely something I can use in NUTS & BOLTS. So, here it is:

The Mistakes People Make Managing Money

Jim Kastanek

Total Agri-Business Services
Albany, Minnesota

1. They buy something they don't understand. It sounds good or the neighbor has one is the reason. The correct way is, how does it benefit you or fit your plans. People buy mutual funds. They don't realize the commission involved or the risk. How does the fund operate and how does the economy affect it. These are questions that should be asked before the purchase is made.
2. Failing to diversify: Spread it out so that if one segment of the economy takes a hit you won't be hurt that badly. Farmers and business people make a mistake when they pour all the funds (cash or energy) into one thing. Example: if they had to retire during the 1980s the farm market was a down time for selling out.
3. Not keeping track of your investments: Know where the highs are and when lows occur. Find out how they compare. Note the direction they are going.
4. Not taking profits when available: Lock in profits. When profits occur, collect them. Set a buy point and sell point and be patient. Then act. Be realistic. Determine the difference between profit and greed. People could have sold \$10.00 beans, but were looking for \$11.00, and ended up selling at \$6.00-\$7.00. Everything cycles. Find out the general pattern and use it as a guide.
5. Don't go for the big killing: Too many people are looking for the one grand-slam event that will solve all their problems. Profit and wealth accumulate over a long period of time with consistency.
6. Don't invest for tax purposes only: Today people are putting money in IRA, Keogh, etc. when they are currently in a lower tax bracket. They should be investing today in taxable items, paying this tax today, while their brackets are lower. In the past people invested for Investment Credit purposes, or depreciation, when they didn't have enough profit to use their personal deductions.

7. Lack of self discipline: People are swayed too easily from their goal. Working with too many people can lead to confusion and unbalance plans. Take control yourself and avoid impulses and going with the crowd. When news hits the newspaper or TV, the smart money managers have already made their move.

8. Final mistake. Failure to do anything: People don't start because they'll make a mistake. People wait until they'll be in better shape, financially, and then reach age 65 without any savings, etc. You have to take a risk and you will make mistakes. You won't be right 100% of the time but you should try to make correct decisions 60 to 75% of the time. The main thing is to get started on a plan, even if it is small. Time will allow it to grow for you.

Time Management

Jerry Kalinowski, Jan Doebbert, Norm Skarstad
Farm Business Management Instructors
Alexandria Technical College
Alexandria, Minnesota

Experts will tell you that there are few new ideas in time management. There are still only 24 hours per day.

Your efficient use of time will depend on basic rules of work and your willingness to keep trying to follow them.

As you go through your day, do you find that there are certain times when you are most alert and enthusiastic? You might be a morning person or you might find that you have a burst of energy in the afternoon. When you identify your best time of day, you need to assign your most important chores to this time period. This is most certainly the time that you should be studying the financial information that your business is communicating to you.

Analyze how you are spending your time. Are you spending 80% of your time on the enterprises that contribute only 20% of your net income?

Have an established office space. Even if your office consists of plywood on saw horses you will be more efficient than if you are continually moving papers from table to counter to chair, etc.

Try to handle each piece of paper once. This is not always possible, but at least take action on some part of it each time its handled.

Feel good about taking time off. Schedule your personal vacation with the same emphasis as you schedule the maintenance on your most expensive machinery.

Your plan will not work all the time. Have patience and determination. Be assured that this is well worth the effort. There is always time for the really important things in life.

LOTUS 1-2-3 & QUATTRO-PRO

Trick 1: Do you ever get frustrated when you want to "travel around" a spreadsheet? If, for instance, when working with your clients doing an income tax estimate, do you want to go to the answer section without going down line by line, or even using page up or page down? It's easy. All you have to do is give the destination a range name. Once it's been named, hit the F5 key (GOTO) and then the F3 key (MENU) to get the range menu. Use your arrow keys to find your choice and hit enter. I guarantee you'll never use the line-by-line hunt method again. Here's how to name a range in Lotus 1-2-3: Use RANGE, NAME, CREATE. With Quattro-Pro, go to the EDIT menu and zip down to NAMES. Specify the range in each case. Range can be one cell or any part of the spreadsheet. It's that simple.

Trick 2: Another way to get around in your spreadsheet quickly is to hit the END key on your keyboard and then hit the arrow key describing the direction you'd like to go. Let's say you'd like to go down. You, of course, will hit the DOWN ARROW key. This will take you to the first line change. If you are on line 3 and the next word or number is on line 16, that's where the arrow will take you. If the next line is 72, that's where you'll end up. This is especially good for finding the outer limits of your spreadsheet. Try it!

* * *

Did you know? An acre of wheat will produce 2,442 one-pound loaves of bread.

SECOND JOB

I know that the subject has come up in the households of many of my readers from time to time. And I'm sure that it's been a matter of much discussion in the homes of many of your farm or ranch clients. As the cost-price squeeze keeps devastating the family bank account, some action is needed. A second job or does the wife go to work outside the home? A short article that the farm business management guys at the St. Cloud Technical College copped from the Dairy Initiative newsletter, says it all in a nutshell.

Does A Second Job Pay?

Step One - Identify the problem:

Is the need to work out a matter of lack of enough income? Or is the person wishing to work out just plain dissatisfied with the day-to-day routine of their job.

Step Two - List all your options:

It might be that you and your family can get by with less spending. You might also consider doing a good job on your household spending in your account book and compare yourself to other farm families in the farm management program.

If earning money is your only option, maybe going to school to increase your earning power might be the answer.

Another option to consider is self-employment. Jane Merdan from Avon, MN has found the dried flower market to be an excellent way to generate additional income.

Step Three - Weigh all your choices:

OK, it's time to get to making a decision. Evaluate all the costs and benefits. Many will find that daycare will eat up most of the money generated by the second job. Newer, more expensive clothing may be necessary too. Is there a job where I won't have to do that?

Step Four - Decide and do:

Once you have made your decision, it's time to follow through. Both you and the rest of your family should feel good about the decision you have made.

Step Five - Evaluate:

Give yourself some time and then evaluate your decision. If things aren't turning out as you had expected, then consider changing back.

VACATION OR NOT?

Each year, in the newsletters I receive in Box 250 here in Hawley, I find several articles on reasons why farmers (and us too, of course) should take vacations. Here's a representative article that says it well:

Seven Good Reasons To Take A Vacation

Some people pride themselves on not taking a vacation because they believe they can't afford it or because they just can't see how they can get away. Here are seven good reasons to take a vacation:

1. To live longer and in better health.
2. To take time to enjoy . . . some time for contemplation and spiritual renewal. These are the good years . . . some people reach the end of life having never lived at all.
3. To provide a change of pace.
4. To do a better job upon return. Vacation-skippers are more likely to make errors, to feel put upon, and self righteous.
5. To give others a chance. Sometimes other family members welcome the opportunity to stay behind and prove they can keep the household running.

6. To maintain closeness among family members, particularly husband and wife.
7. To prepare for leisure time to come.

* * *

REMEMBER TO BACK UP YOUR HARD DISK! Lesson: Our local newspaper just purchased a whole set of new Macintosh's with the latest publishing programs. The other day, one of their hard disks crashed. Guess which one? The one containing all of their continuing advertising copy. NOT BACKED UP! MURPHY! There was one heckuva big white space in last week's paper!

CONFERENCE TIME SO SOON?

It seems like just the other day when we had our Rapid City conference and here I get a big, white envelope in the mail from Norm Skarstad, co-chairman of the 1993 affair in Alexandria, MN. I guess we already knew that it was going to be held June 6 - 10 at the Arrowhead Radisson. But I didn't know any of the details until I read his letter. I begin to get excited just thinking about it. If you've never gone, give yourself and your family a treat by going. I've vacationed in Alexandria several times so I know it's good.

I just read something in the registration form that could make you a bunch of money. If you don't pay attention, it'll go down the tubes. IF YOU SEND IN YOUR REGISTRATION FOR THE CONFERENCE BY MAY 1, IT'LL COST YOU \$15.00 LESS THAN IF YOU SEND IT ON MAY 2. More discussion in the May 15 issue.

IT STRUCK ME

I read the newsletters I get from cover-to-cover and sometimes I come upon a gem almost the instant I open it. Such was the case in Dan Person's latest letter to his clients in Fergus Falls, MN. This is something I wish I'd said to my clients when I still had my nose close to the grindstone and actively teaching. So, Dan, I wish you'd told me that these many years ago.

What To Look For In 1993

Dan Persons

Farm Business Management Instructor
Fergus Falls, MN

I am a firm believer in on-farm and in-office personal contact with you. I am also a believer that this is your program and that you should have a say in what goes on for education on your farm. I'd like to stress to you to let me know what you expect from the program. I will tell you this . . . it is more than record keeping and fire-fighting. We need to spend considerably more time reviewing your analysis and using it as a decision tool. The art of being able to plot your own future is important to your survival. We need to start to see beyond today and pay attention to what is in the future for you and what needs to be done to get there. Farming is much like driving a car. The faster you go the further out ahead you need to look.

F John Hest
R Editor, The Stub Pencil
O Box 250
M Hawley, MN 56549

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