



NUTS & BOLTS

... Teachers delivering knowledge that works to North America's Farm and Ranch Families

Volume 9 Number 3

Spring 1996

See You in Detroit Lakes

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by James Kastanek, Total Agri-Business Services, Albany, Minnesota

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right and still fail. Farmers can't afford to learn on the job like farmers of just a generation ago. Today's beginning farmers must be very prepared. Learning by trial and error is a luxury which today's thin profit margins will not support.

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A Message From Laurie Morris, NFRBMEA President

When the radio came on the other morning, I awoke to the news of rising gas prices. Great... my 20¢ per mile reimbursement just got stretched a little tighter. Yet, my next thought flashed on the incredible technology my coworkers and I had experienced recently on a field trip to Denver. The thought of electronic classrooms and distance teaching to remote sites came to mind. As educators, we must stay on top of the rapidly changing technology that is available to us. We must stay current, and a step ahead if we want to survive.

I see increasing numbers of electronic information services in the homes of my students. I hear talk of accessing the Internet, and of using alternative markets. Lately, my students greet me with an update on the wheat market, even before we exchange hellos.

The NFRBMEA is no different in its attempts to stay current in the ever-changing world. As outlined in the Winter issue of the *NUTS & BOLTS*, we have become NFRBMEA, Inc. Wayne did an excellent job of providing the reasons behind this action. Because of the incorporation, we need to address three changes to our current bylaws.

- (1) The title "Board of Directors" will replace the existing "Executive Council".
- (2) Our Fiscal Year will be from April 1 through March 31. The Membership Year will remain June 1 through May 31.
- (3) The bylaws have defined the times and locations of meeting by the Board of Directors and the use of teleconferencing.

The changes are consistent with the incorporation bylaws and not radically different from our original bylaws. Anyone wishing to see these documents may contact a member of the Executive Council.

The bottom line to change is the need "to keep focused on our objectives", as Oliver Kienholz recently wrote. Our '96 Conference agenda focuses on multimedia instruction, seasonal distance delivery, changing paradigms, and alternative markets. Let's get together in June and explore our options.

— Laurie



NFRBMEA Employer I.D. Number

Many of our colleges and schools now require U.S. Treasury Employer Identification Numbers for every vendor. NFRBMEA now has one, so you can soothe the paper stackers in the business office.

We will publish this on our dues requests and registrations so reimbursement or payment will go more smoothly for everyone. Write this down: 41-1829527.

A special thanks to everyone who contributed to this issue or submitted articles. We are always looking for more. Please keep them coming in, especially those states outside Minnesota. We want to hear from you, too.

— *WR*

Farm and Ranch Review

A Quick Look at a Potential Resource

by Wayne Pike



Make No Small Plans- A Cooperative Revival For Rural America

by Lee Egerstrom

"Make no little plans. They have not the power to stir men's souls." Howard A. Cowden, founder and president of Farmland Industries.

Sometimes the high spots from which we gain perspective are discovered in our own backyards. I found the book, Make No Small Plans, in a store less than an hour from our house. It was written by a Minnesota author and published by a small-town publisher. I found the ideas in the book anything but small. I believe the author intends readers to think on a worldwide scope and open our eyes to a changed agriculture and rural America.

The author, a well-known and well-traveled journalist, starts off with a reminder that those of us in agriculture are not just a minority. We are in danger of being set aside and mythicized. This has already happened to other groups, such as Native Americans and cowboys. The danger therein lies in being perceived and treated, not as we truly are, but as powerful or ignorant people wish to perceive and treat us.

The first chapter of the book presents an interesting map of the mid- and northwestern United States showing counties which reached their peak populations as early as the 1870s. People are still moving into metro areas. The author claims that many of us find ourselves, in effect, once again on the frontier. It is his contention that we must again use our frontier ancestors' tools to rebuild our communities and ties to the outside world.

The cooperative is primary among these tools for rebuilding. The cooperative, in the author's opinion, offers the best hopes for individuals and communities to stay competitive. He cites numerous foreign and domestic cooperative success stories which, while not providing a blueprint for immediate prosperity, give examples of the ideas and foundations required to make future agricultural

businesses work and grow. Some agriculturalists do not appreciate cooperatives and view them as an impediment to progress. Rather than argue this point of view, this book illustrates cooperatives at their best and provides a "big picture" view of the world which could explain some unpopular aspects of policies adopted by well-known cooperatives.

The book is interesting reading, well-footnoted, and has an extensive bibliography for more background. Read it with your pencil in hand, as it is rare to find so many authoritative quotations in such a readable form.

Make No Small Plans- A Cooperative Revival for Rural America, by Lee Egerstrom. Copyright 1994. \$19.95.

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Why Health Insurance?

by Wayne Pike

Editor's Note: I wrote this article to encourage my students under financial stress to carefully consider their decision to drop health insurance to save money.

No one ever received good health by buying a plan. Yet, we spend billions as a nation and thousands as individuals on various plans bearing the name "health insurance". Health insurance won't keep you healthy any more than life insurance will keep you alive, but it does accomplish two important things.

First, it allows people with limited assets, people like you and me, access to a virtually unlimited quantity of top-quality health care which we may never need and certainly would rather not use.

Secondly, health insurance protects the wealth we have accumulated and the wealth we hope to generate in the future from being consumed by medical expenses.

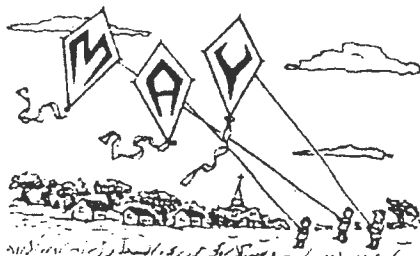
Health insurance is one luxury that farm and ranch families should not try to do without. It is not difficult to imagine a situation where a family would be faced with the choice between the life or health of a loved one and the continuation of their business. Without health insurance their options may include getting a mortgage, large medical bills spread over many years, borrowing from a family member, or liquidating their business assets. It may come down to losing a loved one or losing their farm and their earning capacity.

Why not let the State, the community, or your friends take care of your needs if life should deal you that kind of hand? That works if you don't own anything that someone else wants, or if you have been living that way already. Most of us choose independence in all aspects of our lives. There is no reason to think that charity will be any easier to accept when an accident or illness happens.

Think of the premium as less than half of one per cent of the benefits available to you. Losing a little each year by paying the premium offsets the possibility of medical bills too great for most businesses or families to withstand. Be thankful when you don't need to use the benefits you pay for.

Hold health insurance costs down by doing the following, if you haven't already:

- 1) Young and healthy can shop around.
- 2) Over 65 should be on Medicare. Other policies cancelled.
- 3) Raise your deductibles.
- 4) Make sure all family members you pay premiums for are still covered.
- 5) Beware of special policies for specific diseases or accidents. These offer very limited coverage and are very expensive for what you get.
- 6) Take advantage of Sec. 105 deduction plans.
- 7) Be careful. Work safely. Eat well. Exercise often.

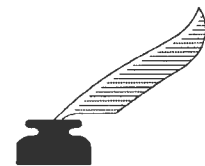


Analysis Idea

Brian Thompson, FBM instructor at Grand River Tech School, Chillicothe, Missouri, publishes quite a sophisticated summary of his students' farm analysis results each spring. The summary he sent me had fourteen pages of graphs and tables, plus his interpretation of each.

I'm sure his commentary is particularly useful to his students, because he uses his own words and comes at it from a very local point of view. Brian puts his reputation on the line by putting his thoughts down on paper. It makes for interesting reading which must generate lots of discussion.

One particular item of interest is his concept of tracking a "Consistent Group of Ten" from year to year. This "Group" is the same ten students each year. It is a small enough number of people to gather specific information from (like how many acres of wheat are planted now), but large enough to give a good sample while maintaining confidentiality. Just another idea that might be interesting to try.



Write or Edit?

John Kuhar, John Deere Publishing editor, asked if any NFRBMEA members might be interested in writing or editing material for John Deere. They have an extensive list of topics that need work and are looking for qualified professionals for the job. If you are interested, you can call John at 309/765-4572, or via e-mail at jk39412@deere.com. The John Deere Publishing people are planning to attend our conference in Detroit Lakes in June.

What Will It Take?

Jan Doebbert and Jerry Kalinowski, FBM instructors at Alexandria Tech College, Alexandria, MN, asked their students to participate in a FBM Vision Survey. The one-page survey was designed to get student input on the question "What will it take to be a profitable farm operator in the year 2000 and beyond?"

Students were asked to rank five responses in the areas of production, information management, communication and people management, and markets and finance. The responses, in simplified form, are given below. This information will be used to help shape their FBM educational delivery system.

Production:

- #1- Controlling input costs
- #2- Producing quality commodities preferred by the consumer
- #3- Developing a support team of consultants for advice
- #4- Knowing the actual per unit costs of production
- #5- Staying fully employed size-wise

Information Management:

- #1- Utilizing computerized records for decision making and cash flow monitoring
- #2- Setting priorities— sorting out the non-essential information
- #3- Educational training and upgrading
- #4- Developing long-range written strategic plans
- #5- Surfing the Internet

Communication and People Management:

- #1- Developing a positive attitude
- #2-3 Taking planned vacations
- #2-3 Continuing education for employers and employees
- #4- Conflict management skills
- #5- Complying with government rules concerning labor

Markets and Finance:

- #1- Access to current, reliable information
- #2- Managing risk
- #3- Lender relations
- #4- Marketing by cash flow design
- #5- Cooperative venture information

Management Education Scholarships

Rick Morgan, Greg Tullis (FBM instructors at Northland College, Moorhead, MN) and the other management instructors at their college have established a scholarship fund for children of management students enrolled in their programs. All the management instructors in their region enthusiastically funded two \$250 scholarships with out-of-pocket contributions.

Potential enrollees must apply for the scholarship and meet qualifications set by the management instructors. Scholarship winners are selected by their Regional Dean of Management Education. Money is handled through the financial aid office.

Greg reports that this is a good recruiting tool for their college and says that if the entire college is thriving, that reflects well on management programs. He points out that it is also a good-will gesture for management students and overall good public relations.

Never Throw Away...

Amentor of substantial repute once told me to "never throw anything away". The top of my desk shows that I have followed this advice.

A few weeks ago, I was checking out a file and found the following in a *Doane's* newsletter... "I believe we are now on the threshold of a tidal wave of contract production... much interest exists in the industry and hog production could integrate as broilers have. The fate of the family farm concerns us... but developments to date indicate that the family farm will continue."

The date in the corner of that newsletter was June 2, 1958. The theme was contract farming and change. Thirty-eight years ago we were writing headlines for today. Which articles and headlines today will apply forty years from now? Which fads are just that? The truth is told if we can sort it out.

What Is 'Management'?

by Mark Berg, Detroit Lakes FBM

Just the other day, I was with a group of farmers listening to a very good speaker who was telling us how to do a better job. He was good at explaining the technical applications, but then he would say, "Then you use good management." He used the word *management* as a non-word, like some kind of conversational filler.

Like most people, he did not seem to have a defined idea of what management was. He could have said, "Then you use *magic*", and the statement would have been just as clear.

Management has been defined as decision making. It is. Also, management has been defined as making the most with re-

sources you have. It is. But the best definition I know so far is one that farmers have taught me. Their definition is *Management is striving for your control of:*

- 1) *Direction of the business*
- 2) *Production*
- 3) *Information*
- 4) *Credit*
- 5) *Marketing*
- 6) *Timeliness*
- 7) *Business progress*

This is what management works toward in successful companies and on successful farms— using our executive skill in setting a worthy ideal with the full knowledge that farming is a lifestyle, a business and an art.



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