



# NUTS & BOLTS

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

Volume 10 Number 2

Winter 1996-97

## Expansion Philosophy

by Dave Trampe, Pine Technical College, Pine City, MN

**M**any dairy farmers have told me recently that if I'm going to pressure them to expand, (like all the experts) I should revisit their driveway immediately. As a result of these common attitudes, I would be happy to share my thinking on expansion.

I am very aware of the trends that have been occurring and I believe those trends will continue. Production per cow will continue to increase, herd sizes will increase, operational costs will increase and profit margins will continue to shrink. Dairy farmers will continue giving up and getting out. The experts say

the obvious, "Expand or quit". I believe there is another answer.

The quick answer is to "get better" by developing a plan, decreasing production costs, increasing herd average, adding a couple cows, improving efficiency, and reducing debt load. I think these factors can make producers successful.

I will not tell producers what to do, but I try to help them think through what they should do. It requires that they be open-minded, accept new ideas and methods, be willing to change, keep good records in a timely manner and REDUCE DEBT.

It is *always* debt load that puts a farmer out of business. It should be less than \$2,000 per cow. Debt load could be higher, but production should be above 20,000 lbs. per cow! It makes no sense for a producer to be a slave to the company store (the banker). If debt per cow is over \$2,000, then the banker gets over \$200 interest for every cow milking. Our '95 area analysis showed an average net return of \$300 per cow from 230 dairy farms. \$106 per cow was the average intermediate and long term interest paid. Producers can pay the banker \$1 out of \$4 net return, but cannot pay half and still survive.



Who are these smiling fellows? They are your new NFRBMEA Officers for 1996-97. (L-R) President Denny Jackson, Treasurer Bob Bragg, Secretary Maylon Peters, President-Elect Larry Klingbeil

## A Message From Dennis Jackson, NFRBMEA President

Happy New Year! The analysis season is here — that time of year we all look forward to with trepidation. All too often, I fear, the work and effort we put into getting an accurate and meaningful analysis end up being just that— work and effort. We demand accurate financial and production records and agonize over appropriate income and expense allocations. We struggle to meet our time deadlines, and breathe a sigh of relief as we complete the season and our students file away their analysis for another year. How often do we cause our students to pull out their analysis printout as the basis for studying their business during other times of the year? What significant uses do we really make of that extraordinary historical and future-planning document throughout the course of the business year? I believe our students feel that they are doing the analysis for *us* — to meet *our* requirements and needs. Nothing could be further from the truth — if we are using their analysis to help them learn more about their business and their business decision-making processes. I challenge you to come up with a new reason to get them to pull out their analysis in mid-year, and really make use of it.

You may not be aware that Dr. Edgar Persons made the big decision to retire on December 31, 1996. Ed's departure will certainly leave a void at the University of Minnesota — and in our organization, as well. Many have called him the 'father of farm management education'. Even if he wasn't actually there at the conception, he undeniably played a big role in the nurturing, growth and development of our profession. I consider myself lucky to have had Dr. Persons as a professor and friend for nearly 30 years. Congratulations and thank you, Ed, for your leadership and

guidance. Best wishes in your new pursuits.

Conference plans are progressing nicely. Some real powerhouse presenters have been lined up to deliver some exceptionally relevant sessions. I recognize that Oregon is a long distance away for many of us, but the Midwest is just as far for our Northwest colleagues. The conference agenda is well worth the cost in time and dollars. I hope you are hoarding your budget allocation with a definite goal to attend the 1997 conference.

The Board of Directors is considering a new activity for this year's conference participants. We are discussing granting a number of \$100 "scholarships" to attendees who develop lesson plans and teaching materials based on conference sessions. These materials would then be made available to our members for the cost of copying them. As I see it, the benefits would be threefold:

- 1) The money would help offset some of the costs incurred attending the conference.
- 2) Recipients, other teachers and our students would benefit from some well-developed instructional materials.
- 3) This would be another way for our professional organization to promote education -- and that's what we are about.

You will be receiving more information in the Spring issue of *NUTS & BOLTS*, if we decide that this is a viable activity for NFRBMEA.

---

## Founders' Forum Update

You will recall that the *Founders' Forum* was established at our last conference. It was a call to all faithful members who wished to make up for dues missed in the past. The main benefit of joining the *Founders' Forum* is to help our professional organization.

Only 18 of us paid our dues on time every year throughout the 11-year history of NFRBMEA. Since last June, 49

members have paid in \$1,900 in past dues to join this exclusive group.



Your membership secretary has not been instructed to stop accepting *Forum* dues so it is not too late for you to join. Contact Wayne Pike for details.

NFRBMEA membership for 1996-97 now stands at 223. Only paid members get this issue of *NUTS & BOLTS*, so if your colleagues want to read your issue, remind them to pay their dues.



## © Copyright ©

by Wayne Pike

**F**arm business management instructors deal with lots of information. We often copy some of this information and pass it to others. Occasionally, one hears of violations of copyright laws. What is copyright? Should instructors be concerned with violating copyright laws? Maybe.

Copyright is a set of laws that gives an author of a work control over the use of his or her work. This includes the right to copy, distribute, sell, show, give away, or change the work. If you take away an author's copyright rights, you can be sued and, if the court so decides, you would have to pay for losses suffered by the author, regardless of whether you gained economically.

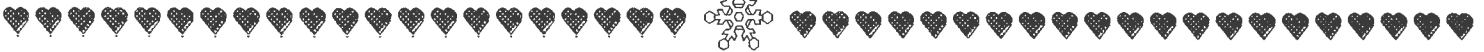
How can you tell if something is copyrighted? To be on the safe side, you

can assume that almost everything is copyrighted as soon as it is put down in some tangible form. However, some things cannot be copyrighted. For example, an idea, fact, or title has no copyright. Very old works, those published over 75 years ago, are in the public domain and can be used any way anyone sees fit.

Everything gets more complicated when we get to a special exception to copyright protection called "fair use". According to The Copyright Handbook, by Attorney Stephen Fishman, "An author is free to copy from a protected work for purposes such as criticism, news reporting, teaching, or research so long as the value of the copyrighted work is not diminished." This means that you can copy from another author anything you want as long as you can prove fair use. You can even do this

against their wishes and without their consent. But, depending upon whose toes you have stomped and how good their attorneys are, this may not be a good idea. Here are a few suggestions to avoid copyright problems:

- © Ask permission before making copies for publication or distribution.
- © Copy their ideas or facts, but use your own words.
- © Be considerate. Give credit where credit is due. Note: Simply giving credit to another author does not mean you have avoided violating their copyright rights.
- © Violating the copyrights of big companies or wealthy authors could be hazardous to your financial health.
- © Get and read the book, The Copyright Handbook, by Attorney Stephen Fishman, Third Edition, April 1996, Nolo Press, Berkeley.



### Idaho Note

**A** reader from Idaho sent us a copy of an article that appeared in the Idaho Falls Post Register. The article was about a farm accident that resulted in severe injury to a 14 year-old boy's left hand and arm. After the accident, many friends and neighbors helped the youngster recover. Ralph Jones, coordinator for the Idaho State University farm business management program and fellow NFRBMEA member, pitched in to help raise spirits. He acquired a football and basketball autographed by two of the boy's favorite professional players. It was a neighborly gesture that certainly reflects well on Ralph and the entire farm business management program. Well done, Ralph.

### Civilization

by Wayne Pike

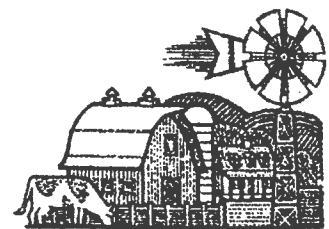
**R**alph Waldo Emerson once said, "I always seem to suffer some loss of faith on entering cities."

We drove through the Twin Cities on our way to the NFRBMEA Conference in Detroit Lakes. It takes almost an hour from the time we enter the Metro area until we come out on the far side.

We were almost through the Cities when our 11-year-old son, Matt, saw a small silo next to a deserted barn beside the freeway. His eyes widened, he pointed and yelled, "Civilization"!

I felt proud that our son recognized a silo as a symbol of civilization in the

midst of billions of dollars of human artifacts and millions of people. Sometimes we might feel that being "rural" means that we are out of the loop. Matt reminded me that progress is not necessarily improvement, nor is being on the cutting edge the same thing as being civilized.



## A Marketing Evaluation Spreadsheet

by Ron VanNurden, FBM Instructor, Riverland CC, Owatonna, MN

Marketing seems to be one of the most difficult farm management tasks for many southeastern Minnesota farmers. In order to help farm families evaluate the cost of storage and help them make a more intelligent decision about whether to sell or store, I have developed a spreadsheet that calculates the profit and costs from storing grain. The development of this program started with a public domain spreadsheet on storage costs. Some ideas from Jim Kelm and other teachers in the southeast Minnesota area aided in its development. The goal in all of this is to help farmers understand marketing so they can make better decisions.

In order to accomplish this task, we begin by photocopying the farmer's sales information and crop marketing costs at account close-out time. When the busy analysis season winds down, we go back to the files and put together the marketing enterprise analysis. We would like to say the spreadsheet takes into account all the costs of storage while allowing the needed data to be easily acquired and entered, but that is not quite true at this point.

Evaluation of marketing performance continues with the following inputs: bushels sold per month, bushels placed under CCC loan, interest rate, drying cost per point, marketing information costs, commercial storage costs, profit or loss from futures or options transactions, and transportation costs. Shrink and handling costs are set at 2.5 percent and .5 percent respectively. Harvest price, or price off the combine, serves as the benchmark for marketing gain or loss.

The spreadsheet output contains total

cost and cost per bushel for each crop studied. The costs are broken out into two categories. The first category, cash costs, includes costs directly from the farm records. The second category of costs, which we call "accumulated", are calculated based on the inputs.

We are attempting to add transportation costs to the spreadsheet program in the event that the farmer owns his or her own truck. We have inserted a line that asks for the average distance to market and number of trips made. Each farmer plugs in their own cost per mile for their own truck.

We put all this information from each farm into yet another spreadsheet to get a group average cost. Each farm family can then compare their own costs with the average of the area farms in our farm business management program.

We used this spreadsheet in 1995 and discovered some bugs. Not to be discouraged, we made some changes and will use it again in its new improved form for the 1996 farm analysis.

We would like to share this information with other farm business management instructors and would appreciate ideas to make this spreadsheet even more useful. Contact Ron Van Nurden at [rvannurden@juno.com](mailto:rvannurden@juno.com) or by mail at 122 E. McKinley St., Owatonna, Minnesota, 55060.

## Help Wanted!

(EDITOR'S NOTE: The following is a paid advertisement by Northland Community & Technical College.)

Northland Community and Technical College is accepting applications for a full-time Farm Business Management Instructor. Position responsibilities include to teach farm business management according to State guidelines in Barnesville and the surrounding area.

Minimum Qualifications: Bachelor of science and possession of or eligible to possess licensure in farm business management. Position begin date: July 1, 1997.

Salary: In accordance with bargaining agreement including an excellent fringe benefit package.

Application procedure: A letter of application, resume, and names of three professional references should be forwarded to Becky Holthusen, Director of Human Resources, Northland Community and Technical College, 1101 Highway One East, Thief River Falls, MN 56701 by March 21, 1997. Affirmative Action/Equal Opportunity Employer.

Becky Holthusen  
Director of Human Resources  
Northland Community and Technical College  
(218) 681-0844  
E-mail:  
[HOLTHUBE@ntcc1.nt.cc.mn.us](mailto:HOLTHUBE@ntcc1.nt.cc.mn.us)



*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*



## Ethical Issues in Farm Business Management Education

by Wayne Pike

**M**any organizations develop codes of ethics that their members use as guidelines when going about their business with the public. Some educational institutions have codes of ethics already in place.

The following issues, for your consideration, are adapted from an article in the September 1989 Training and Development Journal. Ethical issues in farm business management education may include:

- maintaining an appropriate level of confidentiality
- saying 'no' to inappropriate requests that go outside the normal boundaries of student-teacher relationships, or which allow an individual to take undue advantage of a publicly funded program or activity
- showing respect for copyrights,

sources and intellectual property

- ensuring truth in claims, data and recommendations
- balancing the needs of the student with the requirements of the educational institution
- assuring student involvement, participation and ownership in all aspects of the program
- avoiding conflicts of interest
- managing personal biases
- showing respect for, interest in and representation of individual and population differences
- making instruction appropriate to the students' needs
- being sensitive to the direct and indirect effects of instruction and acting to address negative consequences
- using power appropriately
- pricing educational services fairly
- ceasing instruction and enrollment when continued enrollment will not benefit the student.

## Oregon Update

by John Caster, FBM Instructor,  
Chemeketa CC, Salem, OR

**W**e are still here. As usual, the news media likes to focus on the worst areas. We had some roads closed and a town or two inundated, but as a whole, this was not as extensive as the February 1996 flood. Most of the farm damage was erosion due to two weeks of unrelenting rain.

The Willamette Valley has survived recent flooding in good shape. As of this writing (January 14), the sun is shining and farmers are in the fields putting on winter chemical and fertilizer. Cauliflower fields are growing and most perennial crops are bright green against the snow-capped mountains. Hazelnuts are in bloom now and the clear weather means good pollination. June will bring berry harvest and all spring crops will be in and exploding.



The Northwest group has been working hard to make our June conference a memorable event. The lineup of speakers is as fine as you will encounter. The farm tours will expose you to some of the nation's most innovative marketing, growing, and financial management practices. Salem is in the heart of the West's recreational area, so plan to bring the whole family and spend some time sightseeing before and after the conference. If you drive to Oregon and need some suggestions on stops along the way, contact me at [casj@chemek.cc.or.us](mailto:casj@chemek.cc.or.us) or call (503)399-5066.



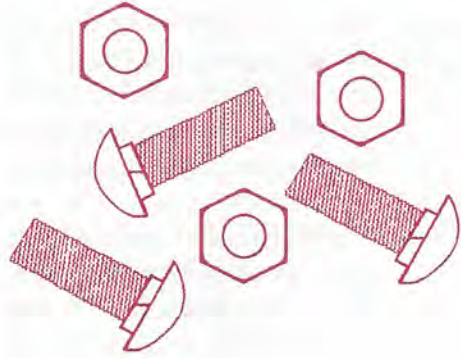
Lynn Schluckebier and Lyle Hermance, FBM instructors from Nebraska, give a lively presentation at the 1996 conference in Detroit Lakes, MN.

LeRoy-Ostrander Public Schools  
Highway 56  
LeRoy, MN 55951  
ATTN: Wayne Pike

---

BULK RATE  
U.S. POSTAGE PAID  
LE ROY, MN 55951  
PERMIT NO. 2  
NON-PROFIT ORG.  
CAR-RT-SORT

---



## NUTS & BOLTS

ADDRESS CORRECTION REQUESTED

Page 6

NUTS & BOLTS

### 1996-97 OFFICER DIRECTORY

**Executive Committee:**

Dennis Jackson, President  
South Central Technical College  
1920 Lee Blvd, P.O. Box 1920  
North Mankato, MN 56002-1920  
(507) 389-7264  
dennyj@tc-mankato.scm.tec.mn.us

Laurie Morris, Past President  
14001 Winview Mile Road  
Deer Trail, CO 80105  
(970) 867-3081  
LAURIE1@juno.com

Dr. Larry J. Klingbeil, President Elect  
East Texas State University  
Dept. of Ag Sciences  
Commerce, TX 75429-3011  
(903) 886-5379  
LK5379@etsuv2.etsu.edu

Maylon D. Peters, Secretary  
62757 Jeremy Road  
Montrose, CO 81401  
(970) 248-1109  
mpeters@mesa5.mesa.colorado.edu

Bob Bragg, Treasurer  
P.O. Box 652  
Cortez, CO 81321  
(970) 565-8457  
bbragg@frontier.net

**Conference Co-chairs:**  
John Caster & Eugene Panasuk  
Chemeketa Community College  
P.O. Box 14007  
Salem, OR 97309-7070  
(503) 399-5066  
casj@chemek.cc.or.us  
pane@chemek.cc.or.us

**Membership Secretary:**

Wayne C. Pike  
Rt. 1, Box 217A  
LeRoy, MN 55951-9763  
(507) 324-5263  
w.d.pike@juno.com

**Historian:**

Oliver Kienholz  
Skagit Valley College  
2405 College Way  
Mt. Vernon, WA 98273  
(206) 428-1229

**Co-Editor:**

Debra A. Pike