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NUTS & BOLTS

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

Volume 12 Number 3

Spring 1999

VISIONING......AS FAR AS I CAN SEE!!

By Dr. Larry J. Klingbeil, Past President NFRBMEA

t the Fall Board meeting held in Red Wing, Minnesota, Brian Daniel from The Council led the Board through a visioning exercise. The first exercise asked some very pronounced questions about our profession. These same questions need to be asked by every person reading this article. Why did I get into teaching farm management education? Did you get into this profession by choice or by chance? Anything that one chooses to do is always more fervently pursued and enjoyed compared to doing it by default. Why do I stay in it? This question may come to your mind several times a day, especially when you have had a long tough day working with your farmers. I would hope that the thrill and excitement of working with farmers and ranchers on a daily basis, helping them with their plans, their future and their goals is reward enough. (A decent paycheck also helps) Why would I tell someone else to do it? When I am satisfied with my life, my contribution to my community and humanity, I am happy and rewarded. Are we our own worst advertisement? We work hard at times, but do we just expound about how hard it is and all the time and toil we put in? Do we forget to tell others how great we really have it, working with positive people that are the backbone of America?

Our next task was to come up with trends we foresee will effect NRFBMEA in the next 15 years. The top four trends the Board felt would have the most impact were:

1. Accountability for tax dollars. There seems to be more and more people who wish to drink from the government trough. The Farm Business Management Program (FBM) has had a positive impact on the farmer's earnings, efficiency and management decisions for years. We must continue to inform the public what we do, how we do it and show the positive economic impact we have on the rural communities and states we work in. We need to blow our own proverbial horn.

- 2. Retirements and replacements. The average FBM instructor has a lot of gray hair or none at all. The average age is in the 50's. There are a significant number of instructors who are approaching retirement. The concern is two-fold. Will the program be continued in the community and if so, who is trained and competent enough to carry on the duties of the job professionally. This is a problem we face. Who will fill the shoes of the people who leave the profession? I believe that we need to have more exposure and training for student teachers and present high school instructors concerning FBM and adult education. Without this thrust of education and experience we will be found wanting for suitable replacements. What have you done to encourage others about this profession?
- 3. Information management. Everyone talks about the computer revolution and the impact on how we live and operate. It supposedly is used to save time and increase accuracy. Sometimes we feel that time is more precious than the product we produce with this gadget we call a computer. All that computers are is a by-product of a need. A need for more information, accuracy and predictability in the decisions we make. It is a means, not an end. The farm operator uses us and the computer to make more timely and profound decisions that positively impact their operation. The old adage of GIGO, garbage in garbage out, is something that we must be cognizant of. There is a proliferation of misinformation out there and we can serve as the primary filter for our farmers.
- 4. Size of farms. The trend is towards ever-larger farms. Larger farms mean fewer farmers. It has been predicted 22-31% of the farmers will be gone in the next five years. Larger farms are generally higher capitalized and hopefully contain a more sophisticated farm manager. It must be understood that a farm is not a

(See "Visioning" continued on page 3)

A Message From John Caster, NFRBMEA President

Ramblings

ince my own career as an instructor of Farm and Ranch Business Management is now winding down, I have become somewhat introspective and have been considering the plusses and minuses of the position. I took this job thinking I should spend at most two years at it before deciding what I really wanted to do. That was 24 years ago.

I was being interviewed by a newspaper reporter last month for an article on three of us in Oregon retiring this year (more publicity than I got when working) and was asked, "What do you enjoy most about the job?" I answered without hesitation, "The people."

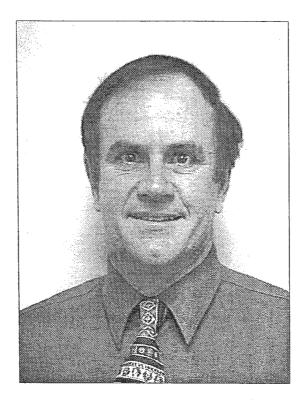
As Farm and Ranch Business Management educators, we have the privilege of working with the best people on earth, American farm families. I hope each of you take time to appreciate the unique position you are in. You have information to pass on that is of tremendous value to your cooperating families and a mechanism that allows you a level of access that is not granted to accountants, lenders, or any other professional working with the family.

As analysis season ends, many of us are seeing balance sheets that reflect quite a bit of financial pain. Let's not let these families lose sight of the value of their contribution to American financial and social structure. Many will need your encouragement as well as the financial figures you provide. This working with people through good times and bad is what has developed the relationships that I value in my career and I hope it is at the center of yours, also.

We also need to recognize another group of great people that make our career rewarding: the members of NFRB-MEA. Those of you who attend conferences look forward to seeing old friends each year as much as getting the essential information that is disseminated. There is no substitute for meeting with your colleagues in this setting. Jim Kelm and crew are putting together another great conference in Red Wing and I hope to see all of you there.

Just in case this is not enough to cause you to appreciate your chosen career, consider some of the other benefits such as conference travel to all corners of the U.S., a respected standing in the community, flexible work schedule, opportunities to develop your own leadership capabilities, valuable contacts with influential people, training and experience in countless agriculture and informational topics, and on and on.

I am learning a lot at retirement. I appreciate the opportunity you have presented me to serve as your president. This is certainly one of the highlights of my career. I am seeing clearly, how the contacts I have mentioned have made this one of the best occupations on earth. I hope each of you appreciates and take advantage of the opportunities for personal fulfillment and growth provided by this job. See you in Red Wing!



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.— WP/DP

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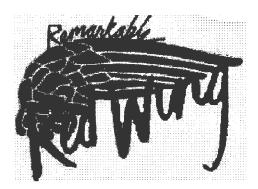
Red Wing 1999

Wing, Minnesota on June 13-17, 1999. More information about the conference as well as registration material for the spouse's program are in this issue of *Nurs & Bours* and our website.

Jim Kelm, chief conference planner, asked us to mention that the phone number for the St. James Hotel listed in the first mailing was somehow distorted. The correct number is: 1-800-774-8372. This is the headquarters hotel and will fill up fast. For more information about the St. James, check their Web site at www.st-jameshotel.com.

The conference planners have been hard at work to line up the best conference NFRBMEA has ever had. Make your plans early.

If you have any questions about the conference, feel free to contact Jim Kelm or one of the Board members. Their addresses and phone numbers are on the back page of this issue of *Nuts & Bolts*.



("Visioning" continued from page 1)

place to go to work, but a business. The producer is not to work for the farm; the farm is to work for them. They will require more managerial input from outside sources. FBM instructors can fill that need if we have the product they can use and profit from. That is our challenge.

The next step in our discussion was to set goals for the NFRBMEA to accomplish. The four main items discussed were:

- 1. Put on a good conference. This is the number one goal of the organization. This summer we will be traveling to Red Wing, Minnesota to enjoy the summer accommodations at the St. James Hotel. The program that is planned is excellent and should help us to stay current with what is happening in the field of farm business management. Like the old saying "Be there or be square."
- 2. Recruit new members. New members are the lifeblood of the organization. There are several states and individuals that do not even know of our organization

and what we do and accomplish. It is up to each of us to tell our story so as to inform them of the benefits of our organization and what it can contribute to their effectiveness and professionalism as a FBM instructor. For this summer's conference the Board authorized ten scholarships for FBM instructors who have never attended a conference before.

- 3. Communicate to members and others. The NUTS & BOLTS is our major avenue of communication to our membership. We also have set up a web page on the Internet about our organization. The address is www.nfrbmea.org. Check it out to see who is a part of this organization and what is happening.
- 4. Pay attention to trends. Just as there are trends in agriculture so are there in FBM. If we fail to keep pace with the changes that surround us and involve us in our profession, we will surely be left behind. The thing that intrigues me is that we have a choice. If we are proactive we can survive and thrive with the challenges of the new millennium.

That's about.... as far as I can see!!

\$200 Scholarships for First-Timers

he NFRBMEA is offering ten \$200 scholarships to instructors who attend the summer conference in Red Wing, Minnesota on June 13-17, 1999. The scholarships are for instructors who have never been to a NFRBMEA conference before. Only one instructor per state or province will receive the scholarship, so get your entry in as soon as possible. The \$200 will be applied to your registration fee. Send your request to:

> Maylon Peters Mesa State College Box 2647 Grand Junction, CO 81502



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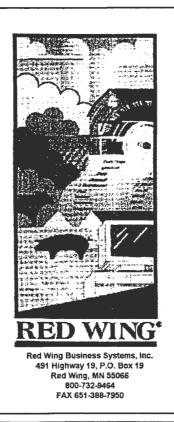
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1999 NFRBMEA Conference Spouse & Family Program Red Wing, Minnesota June 14-17

Monday:

7:30-8:30 a.m. Coffee and Rolls during registration

8:30 a.m. Orientation to week's activities

Walking Tours (with brochure guide available) and/or Shopping -downtown Redwing on your own 12:00-1:00 p.m. Lunch at the St. James Hotel

Tuesday:

7:15-8:00 a.m. Breakfast Buffet at the St. James Hotel

8:20 a.m. Board buses to go to **your choice** of the Mall of America or the Minnesota Zoo for the day. A noon meal food voucher worth \$7.00 will be provided for each person to use at your choice of vendors at either location.

(A) The Mall of America is one of the largest retail and entertainment attractions in the United States with over 520 retail and specialty stores, dozens of dining experiences and amazing attractions.
(B) MN Zoo - "Where YOU Can Afford To Go a Little Wild" will provide us with an introduction to the zoo with an animal demonstration, monorail ride, bird show, dolphin show and much more. Special this summer will be the White Tiger exhibit and the butterfly house, in addition to the other 2400 animals seen in their natural habitats.

3:00 p.m. Board buses to head back to Redwing.

Wednesday:

7:30-8:30 a.m. Coffee and Rolls at the St. James Hotel

- 8:45 a.m. Board buses to Redwing Stoneware Factory for guided tour. We will see potters at work, painters, glazing process as well as get a chance to browse their showroom displays.
- 10:00 a.m. Visit the Goodhue County Historical Museum. We will be guided through the third largest county exhibit in Minnesota which includes displays about Native Americans, Redwing History, Immigration, Schoolhouse, Archeology, Agriculture and Underwear ... to name a few.
- 12:00 p.m. Board buses
- 12:30 p.m. Join conference participants at a Hog Roast at Antique Village where we will eat and spend a little time looking at the display.
- 2:00 p.m. Board buses for Lock and Dam Number 3. Questions about the lock and dam system will be answered by one of the engineers. And if we are lucky, we will get to see it in operation as a boat or barge moves through.
- **3:30 p.m.** (approx.) Head to Prescott, Wisconsin, where we will join the conference participants for beach party picnic and a riverboat cruise.

NOTE: We will not be going back to the hotel before the evening's activities, so plan to be gone all day.

Thursday:

7:00 a.m. Storytelling breakfast at the St. James Hotel.

In order to make sure everyone has transportation and food vouchers, we need to know your choice of tour on Tuesday-the Mall of America or the Minnesota Zoo. Please contact Lynn VanNurden **no later than June 1**,and indicate your tour choice and number of participants.

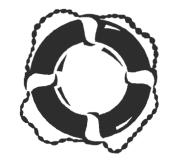
Lynn VanNurden 6092 SE 54th AV Owatonna, MN 55060 Phone: 507/455-0706 Email: rvannurd@ll.net

To Red Wing... By Plane, Train, Car & Boat!

By Dennis Deitelhoff, FBM instructor Western Wisconsin Technical College, LaCrosse, WI

Plans are in place for three of us and perhaps a couple of spouses to come by boat. Steve Dickinsen, Peter Brandt and I, all Farm Business Production Management Instructors at Western Wisconsin Technical College in LaCrosse are planning to make the trip. Due to a wedding in Peter's family, we will not depart the Trempealeau Marina until Monday morning, June 14.

The Trempealeau Marina is upstream from Lock and Dam 6. We will need to pass through Lock and Dams 5A, 5, and 4. Due to the three locks and barge traffic, our arrival time can vary from about 1-7 p.m. Our longest open water will be Lake Pepin.



I have a 21-foot Fiberform Day Cruiser, 1974 Model. She is old, but trusty and her name is the "COO-CHEE-COO". She is powered by a 188 Hp Mercruiser, so we can travel about 25 knots or just a bit more. We likely will run about 15 to 20 most of the trip. We will pack fishing tackle to spend time as needed waiting for locks to open. A refueling stop will likely be needed at Alma, WI just above Lock and Dam 4 or Wabasha, the next town up on the Minnesota side.

We are really looking forward to a nice trip and a great annual meeting. The last one I was able to attend was at Bismarck, North Dakota. I was so impressed that I paid up my Founders' dues. I look forward to seeing some of my professional siblings from the West.

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Board of Directors Conference Call Report

Submitted by John Sponaugle, NFRBMEA secretary

March 25, 1999

Members on line: John Caster, president; Maylon Peters, president-elect; John Sponaugle, secretary; Ira Beckman, treasurer; Larry Klingbeil, past-president; Laurie Morris, historian; Jim Kelm, '99 Conference Chair; Don Roberts, '00 Conference Chair; and for one-half hour, Wayne Pike, membership secretary.

- Motion made by Beckman, seconded by Peters to approve the minutes of the Fall '98 Board meeting with one correction. Jim Kelm is to write a letter to Roscoe Vaughn at Ag Ed. A copy to be given to John Caster. The motion passed.
- Jim Kelm agreed to correspond with the television show "Market to Market" about participating in the summer conference in Red Wing, MN. Jim Kelm will also send information about our conference to "Farm Futures" magazine.
- An attorney is working on changing NFRBMEA status to 501c3.
- Historian Laurie Morris reported that a PowerPoint presentation about the history of the NFRBMEA is being prepared.

• Membership secretary Wayne Pike reported that there are currently 175 paid memberships.

- Wayne also reported that the deadline for the Spring '99 Nurs & Bolrs articles is April 15, 1999.
- The Board decided that the brochures currently being used by NFRBMEA for promotion purposes are adequate for now.

£.

• Motion made by Peters and seconded by Beckman to appoint Wayne and Deb Pike webmasters for NFRBMEA. Fees for developing the site will be \$250 for setup, with maintenance of the site at cost. Wayne and Deb will maintain the site as part of their Nurs & Boirs responsibilities. Ira Beckman or Paul Gorman will contact our past webmaster, Gary Spurrell.

• Wayne reported on the selection of official colors for the NFRBMEA. A couple of color choices will be presented at the summer conference for member's consideration. Wayne left the conference call after this report.

• Ira Beckman said that the treasurer's report would be mailed. • Jim Kelm reported that he is working on the plans to have a booth at the National FFA Convention in conjunction with the Ag Ed Council. Discussion followed. Motion by Peters and seconded by Sponaugle to postpone this matter until the summer conference. Motion passed.

• Don Roberts reported that Oklahoma's plans for the '00 summer conference are going well.

- Larry Klingbeil reported that "Where Will We Be Five Years From Now?" will be a topic of discussion at the summer conference.
- John Caster asked that items for the agenda at the June business meeting be submitted on the listserve or by email.
- Vic Richardson is taking the responsibility for filing a tax return for NFRBMEA.
- Minutes conclude as a result of the phone call being terminated by an outside source.

www.nfrbmea.org

on't forget to visit the website at **www.nfrbmea.org.** Check the website for changes in the conference schedule and other notices.

We would like to include your farm and ranch business management education link-just let us know.



Questions and Thoughts on Single Digit Hogs

By Gene Francis, retired farm business management instructor, Blooming Prairie, Minnesota.

(Editor's note: Gene is a NFRBMEA Founder and, if not the Father of Farm Management Education in Minnesota, at least a close uncle. Gene raised hogs during his teaching career and has a broad background in hog production. I asked him for his thoughts about the recent collapse in hog prices.)

e can blame the recent single digit hog prices on oversupply, less export demand than anticipated, and insufficient slaughter capacity. This extremely low price came as a surprise to producers and farm organizations. "Why didn't we see this coming?" One explanation is that hog producers expanded ahead of schedule, as they feared potential environmental regulations that might have stopped expansion plans.

The extent of this hog price "crash" is unprecedented. Looking back to 1959, hogs in Southern Minnesota averaged \$13.83 per hundredweight and did not break over the \$20 mark until 1966. Corn price during that period was about \$1.00 per bushel. In 1971, hogs averaged \$18.48, but they were back up to \$26.47 the next year and near \$40 in 1973. In 1971, corn was about \$1, but up to \$2 in 1973.

Although these hog prices seem quite low, they are not adjusted for inflation. They also do not reflect other production and economic factors. For example, feed conversion is much better today, showing an almost 25% improvement in just the last 10 years. Productivity per sow, per pig space, and per hour are better today to offset some of the reduced return. However, the costs to obtain this improved productivity have increased markedly as well.

A producer must be asking himself or herself some hard questions about their future in hog production. For example:

What are my current, working, and long term debt to asset ratios?

What will these ratios be if I experience a year or more of prices below my cost of production?

What does my proforma balance sheet look like under the present "worst case" scenario?

What is my cash flow projection? Who is going to cover the losses – my creditor or me?

How deep are my pockets? How deep are my creditor's pockets? How deep are my competitor's pockets?

The personal cost of hog production under these conditions may be even more severe. Important questions that deserve an informed and honest answer are:

How am I holding up physically and emotionally?

Am I stressed out?

Has my family had enough of this? Does hog production affect my family relationships?

Does the current situation affect my management capabilities?

How can I avoid the bad feelings generated under these conditions?

The most common question heard in hog country is "What will happen to this hog industry?" As we look back to the mid-70s to late 90s, we find a ten-year average of market hog prices in the \$47 to \$49 range. Recent projections by USDA call for average prices near \$39 over the next decade. It is hard to believe that the industry has changed this much. We can hope that USDA and University economists have again underestimated the ability of hog prices to recover. If they are not wrong, then contracting, hog factories, and heavy capitalization will take the blame.



Minnesota FBM Site

By John Murray, Minnesota State FBM Supervisor

> e would like to invite everyone to visit the Minnesota FBM website. Al Brudlie

has done a tremendous job getting all the 1998 analysis information on the site.

You can get state-wide, area and county financial, crop and livestock analysis reports. Instructors in and outside of Minnesota may find this interesting and useful. The address is www.mgt.org.

Big Ideas ...A Couple of Ideas That You Might Be Able to Use

Barry Kurtz and Dan Hoffman, Riverland Community College at Adams, Minnesota, organize a camping weekend for their students and families. They pick a nearby campground and urge their students to spend as much of the weekend with them as possible. Because it is a fairly local campground, the folks with livestock can still do their chores and join the group later. This is a low budget, low commitment way to build a sense of belonging within the group.

Rick Morgan and Rick Tullis, Northland Community College at Moorhead, Minnesota, have a breakfast meeting for their students every Tuesday morning at a local restaurant. Week in and week out they bring in guest speakers and present topics ranging from organic farming to making wise pesticide choices. They have also organized two-day bus tours to the Twin Cities area that involve both farm and non-farm activities.

State Reports at the Annual Conference

By John Sponaugle, NFRBMEA secretary

ne of the highlights of our annual conference is the "Roll Call of States". This event is scheduled for Monday, June 14, 1999 at 11 a.m. Each state represented will present an oral report to the assembly.

This report will include:

- a. Number of farm and ranch management instructors in your state.
- b. Number of farm and ranch management enrollees in your state.
- c. Share an important accomplishment or challenge that occurred in your state this year.
- d. Identify and recognize the "First-Timer Scholarship" recipient from your state.
- e. Have first year farm and ranch management instructors stand.
- f. Recognize all delegates from your state.

There are thirty minutes scheduled for this entire activity, so each state will have one to two minutes to report. It is fast and furious, but time well spent.

A leader from each state will emerge to facilitate this process for his or her state. If that leader fails to emerge, then the first person registered from each state will be responsible for seeing that your state is honorably represented.

States or provinces that know they will have no representative present are welcome to send a written report to me for presentation. Send information to:

John Sponaugle Boonslick Technical Education Ctr. 1694 Ashley Road Boonville, MO 65233

sponaugle@bigfoot.com

Make your plans now for a great conference.



Foundations in Farm Business Management

By Mark Berg, Northland Community & Technical College, Detroit Lakes, MN

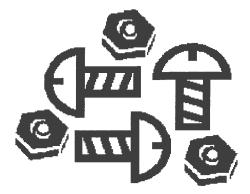
ne of the most basic foundations in owning and operating your own business is thinking. Thinking is also one of the easiest, most natural things for a person to do.

In all your thinking you must "think deliberately, with a purpose". What does the phrase "think deliberately, with a purpose" mean to you?

Muscle & Thinking. You decide whether the profit of the business is the *best* profit it can make, or if the profit should be improved. Your thinking decides *how* you can increase your profitability.

You decide how fast you want to retire debt by serious strategizing, or the debt will never go away, until the business is liquidated at retirement (or at an earlier sale). Conscious thinking Produces Savings... Savings only occurs with your decision, your thinking deliberately, with a purpose, and discipline to follow your decisions. When all the equity is tied up in the farm it can only be released with a sale or leasing the facilities. All choices are good. The best one is the one you make for yourself-- the choice you decided upon by thinking with a purpose. LeRoy-Ostrander Public Schools Highway 56 LeRoy, MN 55951 ATTN: Wayne Pike BULK RATE U.S. POSTAGE PAID LeRoy, MN 55951 PERMIT NO. 2 NON-PROFIT ORG.

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NFRBMEA WEBSITE: www.nfrbmea.org

ADDRESS CORRECTION REQUESTED

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Printed by: Evans Printing, LeRoy, MN