

## Ten Tips for Tough Times in Farming

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For many farms, across all of agriculture, the returns are poor relative to the cost of production. The result is great stress among many farm families. During times like this, it is easy to lose perspective, have difficulty making decisions and to be discouraged. Here are 10 things that may be of help to any family in that situation.

-Take responsibility: It can be easy in times like this to blame big producers, the co-op or others for low prices. While that may make you feel better for the moment, it keeps you from doing what is more important – taking responsibility for your operation.

-Focus: Discipline yourself to examine specific areas of your business to determine how they can be made better. Set aside time for this and reduce the chance of interruptions.

-Involve employees: Employees are often left in the dark about financial concerns and the need for economizing. That not only opens them up to believe rumors that may have no basis in truth, but it passes up on their ability to help you identify potential opportunities. Talk to them, invite their ideas, answer their questions, and enlist their help.

-Communicate with vendors and lenders: Don't just run up unpaid balances and not talk with them about it. They may be able to help you, and you need to come up with a plan to pay what you owe. These may be difficult conversations, but don't avoid them.

-Pencil-out the consequences of changes: Saving money doesn't get you any farther ahead if it reduces your income (short-term or long-term). Consider what the consequences will be of cutting back on this or that and monitor the results.

-Invest where your returns will be highest: Even in the toughest times, investing in some things can be the best option. For example, liming a field to be planted to alfalfa, de-worming cows, or implanting calves. These investments, and others, have a high likelihood of reducing problems or improving returns. That is where you need to invest.

-Take a hard look at where you are losing money: Losing value is losing money. Is the average age of first calving more than 24 months? Is the death loss of calves more than 5 percent? In each of these cases, and many more, ask yourself how much money are you losing and look for alternatives. It is time to critically examine the weaknesses of the operation and search for alternatives that preserve value for your farm.

-Use your records: Sometimes we keep records but don't put them to full use. Yet, through them you may be able to control your operation more efficiently, find problem areas and identify what could work better. Start with financial records and calculate your cost of production, compare to benchmarks and look for where you can make changes.

-Seek advice: Consider starting management team meetings. Invite in people who can apply their knowledge in looking at your operation with you: feed consultant, veterinarian, lender, key employees and your Extension Educator. Open your records to them and have them help you to identify opportunities and changes. Others, who aren't invested in the operation, can provide objective feedback.

-Keep things in perspective: This is about your business only, not about your life or what should be most important to you. Your business may lose money or you may even lose your business, but that is not your life or your identity. Be thankful for family and friends. These tips may not turn the operation around tomorrow, but they may help turn you around, and that will benefit your operation.