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10 Steps to Better Farm Management

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10 steps to better farm management

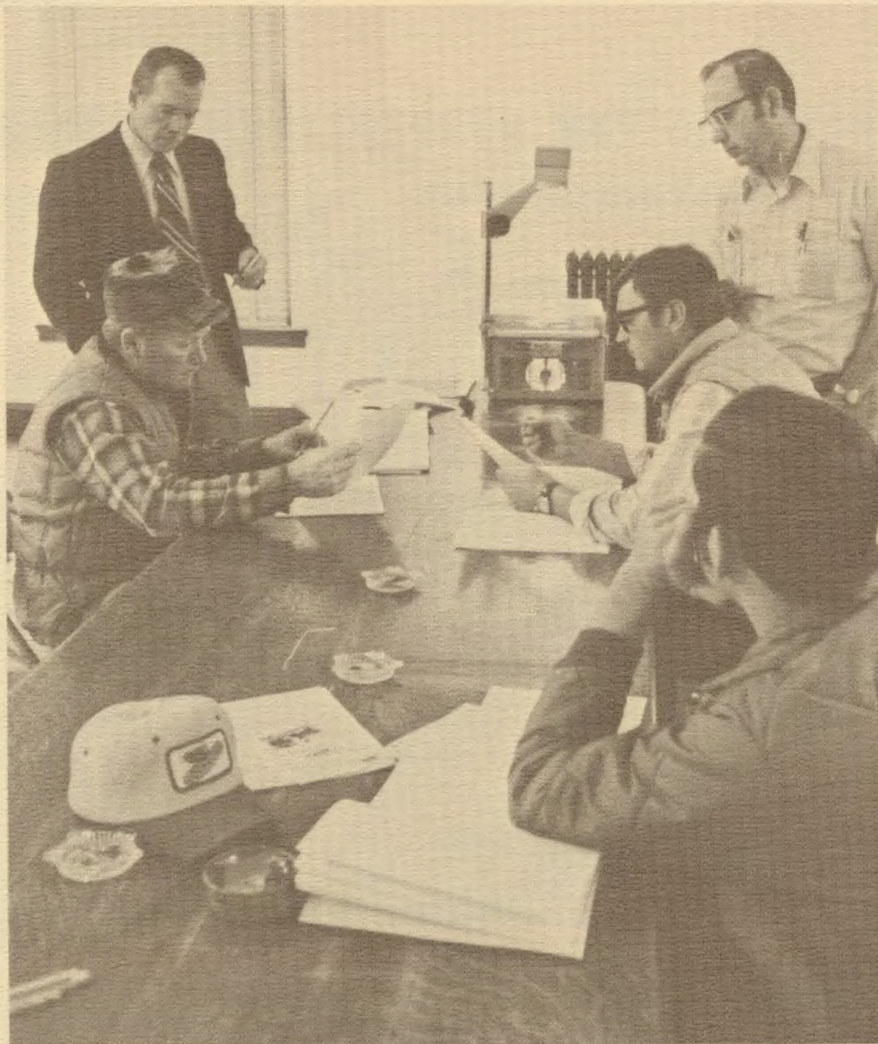
Cooperative Extension Service

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A Ten Steps Extension farm management class puts together individual farm plans while Perry Fales, Webster, left, Extension area farm management agent, and Ray Larson, right, Faulk County Extension agent, supervise. From past experience, Extension personnel estimate that the efforts by farmers in this type of classroom experience is on the average worth about \$500 an hour in increased net farm income, if they sensibly apply the principles and information they've learned.

By Lee Jorgensen,
Ag News and Features Editor, SDSU

10

steps to better farm management

Nearly \$20 million in additional net income has been earned by South Dakota farmers and ranchers enrolled in the Cooperative Extension Service farm management program entitled "Ten Steps in Planning Your Farm or Ranch Business."

By capitalizing on present knowledge and technology in farm planning, annual South Dakota net farm income could be increased an additional \$33 million by 1980.

In 1971 alone, net income increased nearly \$2 million for participants in the program. One farmer made over \$31,000 in additional income over direct costs. The average increase for 259 farms was \$6,940.

The farm management program also has a spinoff effect on other businesses. Each million dollar increase in net income probably stimulates an additional increase in sales of production inputs and wages of \$2.5 million. Another

spinoff benefit involves alert farmers who see their Ten-Step neighbors adjusting their farm operations for greater profits and who consequently make adjustments in their own farm plans. The total cumulative effect of the program can not really be known.

More than 6,500 farmers have enrolled since the program went to the counties in 1965. There are, however, an additional 19,000 farm operators out of about 43,500 operating farm units in the state that could profit significantly from the farm management training that the Cooperative Extension Service offers.

"Getting it down in black and white"

The Ten Steps program is carried out primarily through small group meetings within counties when farmers ask for it. Two area farm management agents are involved. Perry Fales from Webster works directly with farmers in 25 northeast counties and is responsible for training agricultural agents. John Maher from Mitchell assists county agents in 20 southeast counties to carry out their farm planning programs. He also visits farmers who complete the course and request farm visits (about 50 per cent of the enrollees). Wallace Aanderud, Extension farm management specialist at SDSU, develops materials and directs the program. He works directly with agents in several counties.

At the end of the farm management series, usually three 4-hour meetings over a 3-week period, the farmers have analyzed their present plan and discussed changes in their operation that may be profitable. Partial budgeting is used to evaluate the effect that a planned change will have on net farm income.

The Ten Steps plan for the farm is analyzed privately with each farmer. If this session indicates the need for further counseling or special work, the area farm management agents or the state specialist arrange to do detailed and technical planning with the farmer. County agents also do additional individual planning with

these farmers and direct them to other Extension specialists who can help them with special problems.

Myron Barber, area farm management agent from Yankton who is now retired but who worked with the program in the beginning years, said recommendations from farm visits often would include assistance in building new silos, feedlot planning and enlargement and mechanization for beef cattle, and remodeling and building new farrowing and finishing houses for swine and milking parlors and other housing for dairy. These kinds of problems call for assistance from the Extension agricultural engineers and livestock specialists at SDSU.

"The really big hurdle is getting it all down in black and white," says Fales. "It gives other people a chance to look at the farm operation objectively and to point out how things can be changed for the better."

Maher says the program shows the producer how to coordinate the crop program with the livestock enterprises and with labor that the operator has available on the farm. "For example, if he develops his crop plan properly, he will have the bushels of corn equivalent figured for the grain he is producing. He knows what he's going to need in his livestock enterprise. By the time he is through the sessions, he will know if he has to establish additional storage on the farm to store grain or if he can expand his livestock enterprises."

The majority of the students are in their 20's and 30's, from farms that they operate themselves or from father-son operations. Generally, the individual operator will have about 3,000 hours of labor available per year.

Underemployment of available resources is common. More complete use of labor and machinery can significantly increase net family farm income in many cases.

Some farmers find that the addition or expansion of a swine enterprise will provide a return to surplus labor. Others find that it will be profitable to feed out raised or purchased feeders. Profitable changes also have been made in grazing enterprises. In most instances, farmers who have taken the course find that they have operations that they can expand and that there are farm enterprises which should be eliminated.

Step 2. He determines what it costs him per acre for cash grain and feed crops (figuring in costs of fuel, oil, grease, repairs, seed, fertilizer, insecticides, herbicides, etc.).

Step 3. He determines his out-of-pocket cash costs for forage crops. Before moving on to the next step, he refers to a work form that will enable him to analyze the relative profitability of crops that normally are grown on his farm.

it's an examination of alternatives

Step 4. Now he prepares a land use and cropping plan, drawing on information developed in Steps 1, 2, and 3. In this step he is trying to evaluate how much money he might have left after paying out-of-pocket costs for his cropping plan.

Step 5. The farm operator now runs an analysis of potential additional income. For example, if he doesn't sell all of his crops, he can profitably put some of the crop through livestock.

Step 6. The farm operator now tries to answer the following questions:

1. How much labor will I need for each enterprise I have on the farm—for pigs, wheat, cattle, feed grain, making hay, etc.?

2. How much operating capital will I need in an average year for these enterprises?

3. How much forage will be produced by my plan?

4. What is the total forage needed for my livestock plan?

When these questions are answered, he will find if he has a surplus or deficit of hay or pasture. This step gives him a clue about possible expansion.

Step 7. This step has two parts. In part A, the farm operator estimates how much labor he has available for the different periods of the year (for January, February and March, for April and May, for June and July, for August and September, and for October, November, December). Normally in a one-man operation, the man usually contributes about 3,000 man-hours a year; however a young, growing family with a wife and children can contribute another 1,000 to 1,500 hours of labor a year.

In part B, the farm operator looks at the distribution of labor required for his grain and forage enterprises.

Step 8. The farm operator next looks at his distribution of labor for the livestock enterprises. He summarizes the crop and overhead labor to find the total needed for all of the farm operations. He compares this with the labor he has available from himself and family members to determine if he may have to hire labor. Should he find a surplus of labor, he can examine alternative changes in his farming enterprises that may put this manpower to use in generating more income.

Step 9. In part A the farmer compares total farm capital investment with total liabilities. This shows him his equity in the farm business—or the net worth of the business. If he wants, the farm operator at this point also can fill out another form to determine his personal net worth.

In part B he uses the information developed so far to calculate the estimated net returns to the family labor and management. In the process, he looks at depreciation, hired labor, interest paid to others and miscellaneous overhead costs. Figures on return to family labor and management in the class sessions have varied from a minus figure to as high as \$8 per hour

Generally, the farmer taking the Ten Steps program enrolls in three afternoon or night classes (held a week apart and usually lasting about four hours each). More and more wives of farm operators are participating with their husbands.

There's nothing magical about the program. Essentially, it's an examination of alternatives:

Step 1. The farm operator writes down basic information pertaining to his individual farm or ranch operation. This includes an inventory of land resources plus crop and forage use of the land on his farm.

for each member of the family on a well-managed operation. Intensive hog systems with exceptional management were as high as \$20 in 1973.

Step 10. This is the crucial step that tells the farm operator how much money will be left after all of the expenses. It will tell him how much his present plan can improve his net worth. He figures his cash available, fixed commitment for business, family living expenses, and normal replacement and depreciation costs.

it's worth \$500 an hour

Twelve to 15 hours in a Ten Steps class can be worth \$500 an hour or more.

That's an estimate of what it's been worth on the average in increased net income to farmers who have applied principles learned in the Ten Steps classes.

Bob Golay, 36, married, father of two daughters, grain farmer in the Faulkton area, is one man who hopes to match that estimate.

Partly because of a sheep management course he was taking, partly because his children, Kim, 14, and Kelly, 10, are in 4-H, and partly because he wants to move from town to his ranch, Golay became one of the students in a Ten Steps class this past winter in Faulk County. He wants to use his new skills to expand his sheep enterprise.

Golay, who has been a crops man since he began farming in 1960, is new at livestock, going into sheep only a few years ago. He has about 400 sheep and has been selling lambs off grass. The flock is larger than average size for the

county and with his new management ideas will be an even more profitable enterprise.

Golay recently entered the purebred sheep business, intending to use these as replacements and as 4-H animals for the girls. He plans to feed them out in the future.

"Being new to the livestock business, I wasn't too sure of how much feed I should plan for; that's why I was attracted to the Ten Steps program," Golay says.

Now he can take an objective look at alternatives which might not have occurred to him. He can plug in the bushels of corn equivalents and the tons of forage available, the man-hours and all of the other factors, and then step back and take a new look.



Bob Golay, 36, Faulkton area crops farmer, enrolled in the Ten Steps program to find out more about the costs and crop needs for his expanding sheep enterprise. Here he talks over his operation with Fales and Larson.

Golay is typical of the younger farmers who enroll in the Ten Steps program. They are ambitious. If they are interested enough to volunteer for the course, they will make changes in their farm programs.

Inefficient use of labor often shows up

"There is no magic to management and they aren't automatically going to get rich," says area farm agent Fales. "We know that if the farmer is an average operator, he can support the farm family by putting in 2,500 to 3,000 hours of labor a year. We look at his resources and his

skills with him and try to find how he can put them to more efficient use. For the average sized farm unit in cropland acres, we usually come up with a farm plan that will make that family a good level of income, provided he's putting his labor to use effectively, full time."

It doesn't mean everybody taking the course will be raising hogs if that's where the top price of the moment is. For one thing, regardless of potential income, not everybody likes to raise hogs, or cattle or sheep.

Not everybody is interested in increasing their farm incomes either. An older couple in Hamlin County, taking the farm management program a few years ago, learned that they could retire on an adequate income by renting out the land to a younger man.

Income over direct cash costs can be estimated on a per unit basis, according to Fales. For example, an ewe flock selling half the lambs as finished and half as feeders returns about \$9 income over direct cash costs per ewe at current prices, or about \$4 an hour for the time invested. A sow producing two litters annually will return \$591 over direct costs. Though it sounds

as if pigs have it all over sheep, it takes about \$425 operating capital for the sow compared with about \$45 for the ewe. So the decisions not only involve likes and dislikes, they are based on available operating capital, which varies considerably between farm enterprises. So does fixed capital, such as buildings and equipment. Labor also has a bearing. Milk cows return more per head, but involve much more capital and much more labor. There also are higher risks in some of the enterprises.

Underemployment of available resources is common on many farms. More complete use of labor and machinery significantly increases net family farm income. A typical example is of a north central South Dakota farmer who had the opportunity to buy an adjoining half section of land, but didn't know if he could handle it. Using the Ten Steps budget to project typical yields and labor requirements, he found that he could easily farm the additional land with his present machinery. Even with the extra land, he'd have time to handle a new two-litter hog farrowing operation by remodeling some existing buildings.

So, by buying the land and adding the hog enterprise to his farm plan, he discovered that he could increase his family labor management income by \$4,700 even though he is paying interest on new capital required to make the changes. As he gains equity in the new investment his net income will be even higher.

Others have found it profitable to feed out raised or purchased feeders calves. An example is a farmer who instead of selling all of his feed crops, decided to feed out 90 yearling steers. As a result of this change, he estimates that his annual net income will average \$1,600 higher by increasing the capacity of his feeding operation to 250 head.

In Beadle County, the Extension agent interviewed six of the 26 farmers (ages 22 to 28) who established a farm record system. He estimated that improved management procedures would likely save the average farmer from \$1,200 to \$1,500 per year in taxes alone.

The Brown County Extension agent estimates that nine producers enrolled in his county for 1973 would probably be able to increase their labor management by 10 to 20 percent over the next few years.

Dave Pravacek's long range plan is to buy the 1,400 acre farm that he operates on shares from his father, Dave Sr., and to increase his cattle numbers. The Ten Steps program is showing the 28-year-old Winner area farmer how to do it, using the capital from his present farming operations.

Though he has 58 cows in his cow-calf herd, the real "mortgage buster" is his swine enterprise. Up until about a year ago, Pavacek raised market hogs, farrowing about 30 sows twice a year. Some months before he enrolled in last winter's class he boosted his sow herd to 70 and converted to feeder pigs, farrowing more times

Dave Pravacek Jr., left, Winner area farmer, plans eventually to own a 1,400 acre farm. He tells John Maher, Extension area farm management agent, Keith Jennings, Tripp County Extension agent, and Bill Britton, farm representative for Ranchers National Bank in Winner, his plans for his feeder pig operation. Many bankers enthusiastically endorse the winter management classes.



10 steps to farm ownership

and selling at 40-pound weights instead of feeding out. That involves more labor, but gives him a high return on invested capital.

His farm plan worked out during the classes bolstered his confidence. He found that he can accomplish his long range goal of owing the

farm and still make a good living while he's doing it, provided he can secure the additional labor he needs.

As far as Dave is concerned, the classes did not change his long range objectives, but they did provide some real eye-openers. For example, "I never really knew before how much hay or other grain it really took to keep an animal unit. Now that I do know, I can forecast if I will be short or long on feed. If I know early enough that I am going to be short, I may be able to pick up hay for \$5 or \$10 a ton cheaper early in the season."

His Ten Step plan indicates he is producing about 5,200 bushels of corn grain equivalent and 359 tons of hay equivalent (in the form of hay and silage). His pasture provides about 809 animal unit months of grazing. He feeds some of this through swine and some through cattle, but in addition to that he has about 2,600 bushels of wheat for sale and about 3,800 bushels of surplus corn. What this means is that he has enough surplus hay carryover and animal unit months of grazing to increase his beef herd by about 40 cows if he wants to (to a cow herd of about 100, plus calves) without additional land. He is utilizing his labor to full advantage, investing about 3,400 hours yearly (that means he must hire help during the cropping season).

Dave admits, "The biggest problem last summer was labor. In the winter I can pretty much

handle the farming enterprises by myself, but in the summer by the time I get my chores done with the pigs, it is usually 9 a.m. That means I can run out to the field for about 6 hours and start chores all over again. I have to hire help.”

The farm plan and the follow-up on the farm by Maher and Keith Jennings, Tripp County Extension agent, pinpoint the time and place where this help is going to be the most valuable.

Also significant on the Pravacek farm is fair share agreements with Dave’s father. His father owns the hayland and for doing the haying Dave receives a share of the hay. Dave winters his father’s cattle during the winter and rents pasture from him during the summer.

Rancher’s National Bank in Winner sponsored the Ten Steps program last winter for six farm couples. Bill Britton, farm representative for Rancher’s, thinks the record keeping part of the course is especially important.

“It tells where they are in business as they go along. Record keeping also helps the bank keep abreast of their operation when they seek financial help and tells us what we can do for them. So it works both ways. As far as I am concerned, Extension’s Ten Steps management program is a service to the community.”

As for Dave, the only thing that worried him in 1973 was income taxes. But, “I’ve got a bunch of sows out there having pigs that will pay it.”

Ralph Hoffine, 37-year-old farmer from the Colome area, never realized before taking the Ten Steps program last year that he worked so many hours. His enterprises ate up 4,700 hours (compared to the average one-family farm requiring about 3,000 man-hours a year).

When Hoffine completed the management program, he didn’t reshuffle his entire farming

operation into something new and completely different from before. That’s because with 1,450 acres of land to run—1,020 in cropland—he has some definite ideas of what he wants his land to do, and no management course will change that.

“What the four days of classwork and figuring did was put everything into perspective,” he said. “I pinned down how many actual ani-

mal units of grazing I had. I know I could run more cattle, but I want to keep some grass for my dry years—like money in the bank.”

Rosebud area banker Kenneth Johnson, formerly Hoffine’s banker at the Citizens Bank of Colome, and now vice president and general manager of an affiliated bank in Platte, is an enthusiastic supporter of the Ten Steps program. Johnson, when he was a county agent for

Usually young farmers enroll in the Ten Steps classes. Older couples, however, have found that they can retire comfortably by adjusting their management program to include a younger man.



the Cooperative Extension Service in Kansas during the 1940's, helped organize a farm management association.

During the last three years his bank and another bank have helped sponsor classes for scores of farm "students," many of whom were not even bank clients. "We have had so much demand for the management program that we haven't been able to get into the older groups, so we have been working on the younger couples who were the most anxious to have this type of information."

The banker remarked that Hoffine's farm operation was probably an example of a farm that has completed the transitional period where the son takes over the farming operation, purchasing it for a reasonable price over a period of years while the father fades from the management scene. Ralph and his father, Merle, operated the farm in partnership for 8 years until 1968 when Mr. Hoffine retired.

Through the farm management work sessions last winter, Hoffine learned that in an average year he produced about 15,000 bushels of corn equivalent and 424 tons of hay equivalent in the form of about 1,200 tons of silage. He normally has 115 acres of tillable pasture, 395 acres of native hay and 205 acres of native pasture. He has about 382 animal unit months of grazing in an average production year. He has skills in beef production, preferring to graze some of his calves, run some into the feedlot and carry some straight through to slaughter weights.

In a normal price year, the Ten Steps program would give a firm indication of what to look for over the long run. The management program did not tell Hoffine this fall the answer to a question many farmers have: "Should I finish feeding cattle out or should I sell them as yearlings—or should I buy calves back or sell grain and wait until things look better?"

It helped, however, by more clearly indicating the choices farmers have. For example, if Hoffine would decide to go ahead and buy calves and winter them, he would know what numbers he could handle and what the costs would be. In the spring, he could take a look at the finished cattle market to see if he wanted to feed the calves out all the way or sell them and then sell the grain left over.

Hoffine was concerned because 750 to 850 pound calves at the Winner market were running about \$450 (between 53 and 60 cents a

Ralph Hoffine, 37, Colome, prefers growing crops and feeding beef to other livestock enterprises. That's in spite of the fact that he might make more money in hogs per dollar invested or in dairying. Hoffine, left, explains the built-in factors that reduce his risks and give him alternatives to Kenneth Johnson, area banker, Jennings, and Maher.



pound), and 1,200 pound yearlings were bringing 42 cents. "You can't put on 400 pounds for the \$50 difference," he said.

that jump from one enterprise to another. They're the ones that have the sale bills hanging in the banks."

you don't have to completely reshuffle farm plans

Despite the greater profit potential for dollars invested, Hoffine wouldn't trade his cattle feeding and crop operation for the dairy, swine and sheep enterprises of his fellow students.

"It's got to be what fits your idea of what you want to do. I might make more money in hogs right now, but I don't like hogs. And dairying is one of the highest paying farm enterprises for dollar invested, but it also is the most labor-consuming. A guy has to go into farming for the long run, figuring there's going to be low spots as well as high spots."

Hoffine will stick with cattle because he thinks it is unwise to jump from one enterprise to another just because prices seem to be good for the moment. "I've seen too many farmers

Hoffine has built in some factors that reduce his risks and give him management maneuvering room. He has storage and drying facilities. This means that if he gets a crop, he can keep it wet or dry. In the event of a partial crop failure he can take his crop as silage and feed it through his beef cattle.

On the Hoffine farm it's not a case of under-employment, although this is one of the problems on many other South Dakota farms. With 4,700 hours needed for his present crop and livestock enterprises, Hoffine is too short on available labor to go into hogs. He hires summer help, and his wife Harriet and children Terry, 9, and Sheri, 10, help some on the labor.

10 steps and record keeping go hand in glove

Charles H. Oller, 37, is one of those South Dakotans who are showing up in increasing numbers. He left the state to make a living and returned in 1967 when he found opportunity at home near Vivian.

Oller earned a master's degree in mathematics in 1966 from the University of South Dakota and taught from 1963 to 1967 at Northwest Community College at Powell, Wyo. He's happier now and making a better living raising commercial purebred swine.

He has a farm partnership agreement with his father, Richard, 64, a purebred Hereford breeder. This year Charles entered an operating agreement with his dad on the 120 purebred beef cows. Over the long time Charles will purchase his father's 1,700 acre farm. This will be in addition to the 160 acres he owns at present and the 900 acres he rents. Charles now also owns 25 cows. His combined farm unit will consist of 980 acres of cropland and about 1,760 acres of pasture and native hay.



Charles Oller, 37, Vivian farmer, and his wife, Beth, examine their computer records offered through an area bank. These tell what they invested per acre in machinery and what their returns were per dollars of feed during the last year. The Ten Steps program tells them what they will probably be able to do next year.

Ten Steps helped him figure out that his potential income would be high enough that he could buy out his father. It also gave him advice on fair sharing and purchasing arrangements. Other Extension specialists provided assistance in planning swine buildings and production.

He admits the Extension farm management program gave him some surprises. For example, "One thing that most of us probably didn't realize was how much value there was in after-math grazing."

Another eye-opener came when he compared notes with other farmer students in his class, most of whom were involved in crops or cattle operations. "I didn't realize it and nobody really does until he sits down and figures it out, that the swine enterprise offered one of the highest returns per dollar invested. I found that my swine operation will make over \$500 per sow per year with a nine litter average."

Oller also is on a computer farm record system with a bank at Burke. "This enables me to determine how much my investment is per acre in machinery, what my returns are per hundred dollars of feed, and in general it gives me a pretty good idea of what is going where for what."

At the end of the year the bank provides him a computer printout of the value of his crop production, how much went for labor, how much time was spent in the different operations and other data. "It's worth the money, because

knowing where I am helps me regulate my income better for tax purposes."

That's what the computer record system does through the bank. What the Ten Steps program does that the computer records don't do, according to Oller, is "enable me to project ahead what I intend to do and what I can do with the time and resources I have. I have found at the end of the year that the Ten Steps projections I made at the beginning of the year come out very close to what my record system tells me I accomplished."

In 1970 Oller converted a quonset cattle and sheep shed into a farrowing unit. During the fall of 1972 he completed a new confinement growing and finishing unit. He farrows about 100 litters of purebred and crossbred swine a year. The swine operation takes about 1,500 hours of the 5,900 hours he and his wife put into the various farming enterprises. Beth takes care of most of the farrowing while Charles is responsible for most of the finishing and feeding.

Most of the remaining hours are devoted to crops, much of which are converted into silage. He and his father recently built a silo. They also rent another storage facility in Presho to feed cattle during the winter months.

Oller estimated that his year-end returns on investment for 1973 under the Ten Steps program were about 36 percent, compared to last year's 28 percent. Part of the reason for the increase was due to higher prices for farm products, but farm inputs were higher, too, so all of the management tools he put to work definitely had some effect, according to the Vivian farmer.

plan closes generation gap between father and son

Both Arvid Ambur, 54, and his son Mike, 27, are aggressive Presho area ranchers who take advantage of new opportunities and ideas in agriculture and make them pay off. For one thing, the Amburs have crossed Angus with Chianina cattle and have come up with a long-bodied, large framed Angus with extra meat on the hind quarters where the higher valued cuts of meat are produced.

Arvid figures the Ten Steps course Mike took last winter helped close the generation gap. "I think Mike and I probably have a better understanding of what's right in farming. He went out to get a little more knowledge and background. If he wants to be aggressive, he knows a little more about what he can do, what a piece of ground can do, or what cattle can do."

Mike, on the other hand, found his big problem spelled out in black and white. "We knew we were never able to get everything done around here. The Ten Steps farm plan showed why. We found we were putting in 7,862 hours of labor annually." (The average single family farm or ranch usually requires about 3,000 hours). They needed another man. The Amburs also found that if they wanted to expand their livestock operations they would need more summer grazing and additional winter feed.

They had 300 head of cows, wintering most of their calves when Mike took the management course last winter. Their long range plan was to increase the herd size to 450. They were in a quandry then about whether to grow sorghum and concentrate on their crossbreeding program to maximize their livestock income or to go into more wheat production.

Mike Ambur, left, 27-year-old Presho area rancher, discusses his need for more pasture and forage to increase his beef herd. Listening are Ken Wonnemberg, Lyman County Extension agent, and Maher. The farm plan that Mike developed as a result of the Ten Steps program was built for flexibility.



Winter wheat at \$4 a bushel in the fall of 1973 convinced them that they couldn't pass up wheat, so they did both—expanding their beef herd and doubling their wheat acreage. They did it by renting 200 additional acres of pasture. They also are converting cropland to more sudangrass and forage sorghum to boost their tons of hay equivalent and grazing capabilities.

Weather had a lot to do with their planning. The Amburs, who have had enough dry years to know that you can't always depend on the weather for a good crop in western South Dakota, insisted upon remaining flexible in their plans. They had to have a certain amount of feed for their livestock, but if they had a good year they wanted to be able to go either way—to more crops or to additional livestock.

August rains tipped the balance in 1973. Their ranch plan called for them to expand their beef herd by feeding on dry lot for a little longer time to take some of the pressure off their pastures. The plan hinged on silage and grass production, but with several weeks of dry summer weather they began to wonder what they were going to feed their cattle—the cane crop looked bad and the pasture looked worse. But the rains came and Arvid began wondering, instead, “How are we going to get rid of all that cane?” They solved the surplus problem by putting a large portion of the crop up for winter forage in the form of silage as feed for cows and replacement heifers (each three tons of sorghum silage is equivalent to about a ton of hay).

The Amburs are now farming 2,312 acres of cropland and 2,521 acres of native hay and pasture. Mike is taking advantage of top sires through an AI program on 450 Angus cows, crossing with Chianina. “We are getting two calves out of one cow, really,” he said. “Normally, top 400 to 500 pound calves are worth about \$280. The Chianina-Angus crossed females sold

at \$1,000 each to an Ohio breeder. Seventy-five bulls are being fed, awaiting maturity, but chances are they won't end up as beefsteak. They'll probably go to breeding people for about \$500 to \$600 each.” Arvid has found a lively market for the bulls in several states.

The only suggestion that Mike has for making Ten Steps better is to enroll both the father and son in winter classes. “That way it would be simpler to develop the farm plan.”

Some farm and ranch operators, with a natural knack for good planning, for years have managed to squeeze out the best possible money returns from their farm enterprises. Their brains have been able to beat any plan that could have been threshed out by an electronic computer.

However, they probably represent only the top 10 percent of the farmers in the state, according to a survey run recently. The survey discovered that there were very few farms in South Dakota that would not have benefited from a detailed analysis of their individual enterprises and a farm plan.

Banks, production credit associations, and other lending agencies in many cases have sponsored the programs because it puts the lending agencies on a sounder business footing with the farmers. One of the important things that bankers look at when deciding whether they can lend money for farm operations is managerial ability. The operator has to have the equipment and collateral on which to loan money, but he also has to have the knowledge to use the added money. In the Ten Steps program the farmer learns for himself whether one project is a paying proposition or whether another operation on the farm is really carrying both projects. This pays off when he approaches a lender.

In the words of a young farmer who completed the course, the Ten Steps program “shows you what you've got to do, how to manage to do a better job, and to make more money with what you've got. After all, that's the name of the game, if you intend to stay in farming.”

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