

SECTION 1 – Overview

“In times like these, it's good to remember there have always been times like these.”

- Paul Harvey

These introductory chapters will begin with a discussion of the skills required to be a farmer and the challenges and rewards of modern farming. The second chapter in this section will give you an overview of the current state of farming in the United States. This section it will conclude with an overview of where the small farmer fits into agriculture both now and in the future.

Chapter 1

Overview

So you want to be a farmer

The first question you need to ask yourself is why you want to start a farm. If you don't have at least three answers that question in about two seconds then you are probably not ready. Starting a grain farm on a scale that is going to cover your equipment and production expenses is going to require a lot of time and potentially a substantial amount of startup capital. There are so many positives and negatives to farming that it is important to spend time researching and thinking through all the consequences before undertaking such a time consuming and financially demanding "hobby".

If you have seen a couple episodes of green acres, like playing in the garden, or enjoy mowing the lawn with your lawn tractor then I would say a little more research is in order. Modern farming, even on a small scale, is a surprisingly complex industry. Equipment has made incredible advancements over the last two decades and unless you are a trained mechanic there are simply a lot of things you can no longer do yourself. Modern chemicals and bio-engineered seeds are expensive and mistakes on almost any scale can be very costly.

If you don't have a good idea of what happens on a working farm the best thing you can do, if at all possible, is to spend some time working with a farmer that is making a good portion of his living from the farm. You should also subscribe to Successful Farming magazine, Progressive Farmer, The Corn and Soybean Digest, Small Farm Today, and as many regional publications as you can possibly digest. Attend farm shows, auctions, and conferences.

There are many excellent websites available with more good information than you could read in a lifetime. In addition the newsgroups at many of these sites give you a chance to ask questions of farmers of all sizes and locations. Appendix A of this book lists the names and addresses for these publications and Appendix B lists various websites that can be of help. All of this combined cannot begin to make up for the first hand experience of working on a farm so again try to find a way to get out and work on a farm.

Though much of the coverage is dedicated to alternative crops, livestock, and direct marketing, magazines such as Small Farm Today, Hobby Farms, and American Small Farm provide some very relevant information to running a small grain farm. Shows like the annual Small Farm Trade Show and Conference sponsored by Small Farm Today Magazine, held every November in Columbia Missouri, is a place to meet other hobby farmers and learn about current issues and techniques applied specifically to the small farm and hobby farmer. Seminars at the shows typically include topics such as how to buy new and used machinery, measuring and improving soil fertility, and legal aspects of small farming.

In the beginning, starting a farm means having very little free time and less income than your non farming friends as you will most likely have to subsidize your farm for the first couple years. Unless you are independently wealthy or are a recent Lotto winner, you should have some very frank discussions with your spouse-especially if her or she does not come from an agricultural background. The decisions to be made are quite large in terms of capital outlay and lifestyle change. Trust me, and I speak from experience here, your spouse will not think it is funny when you unexpectedly pull up in \$10,000 tractor and with a big smile say SURPRISE! Farming goals need to be family goals and since all of the sacrifices of living on a farm will be shared you should be conscious of those sacrifices and make sure everyone benefits in the rewards.

Some may look to a farm as a step to independence or a way to recapture some past memories. If that is your plan then you may be in for a rude awakening. As a modern grain farmer you will most likely have obligations to one or more landlords, year to year operating

loans, long term land payments, government regulations to which you must comply, and government program forms to complete. You will face competition for land from large operators and neighbors alike. It may not be as stress free and low tech as you remember your grandfather's farm. Indeed if you try to run a farm operation like your grandfather did you probably have a pretty good chance of failure.

As covered in Chapter 4, the biggest challenge you will probably face is acquiring land to farm. If you have farmland available in your family or come from a farm background you probably already know that you are starting with a huge advantage over those less fortunate who are trying to start from scratch-both in terms of land, previously acquired skills, and industry knowledge. No matter what your current state, hopefully the strategies in this book will shed some new perspectives on the challenges you will face and get you pointed towards a solution.

The modern farmer has to have an incredibly broad variety of skills. Part businessman, part mechanic, part engineer, part botanist, part market analyst-and we haven't even put one foot in the field yet. As you read this book, some of the skills required will become obvious. You may want to take a skills inventory and before progressing too far, take the opportunity to fill gaps in your knowledge wherever possible. Here is a very partial list of skills and knowledge bases that will all be helpful in avoiding costly mistakes-and save you money if you can avoid paying for services you can perform yourself:

- Grain Marketer
- Financial Planning and Computer Operator (Excel, QuickBooks, etc.)
- Plant Physiologist
- Soil Scientist
- Entomologist
- Electrician
- Hydraulic Service and Maintenance Mechanic
- Welder
- Engine Repair Mechanic
- Project Manager

By now you should be getting the idea that starting a farm should not be something undertaken lightly. It will most likely consume your life (and your pocketbook) for at least a

year or two, or three or four. You need to plan on some long hours in the spring and the fall as long as you continue to farm. How much time is required will depend on the size of your farm, the crops grown, and your equipment. The commitment you want to make can be somewhat mitigated by hiring out custom harvesters and other custom work, but do not underestimate the time the planning and operation will require. You will face constant decisions of time vs. money. Sure it is cheaper to put on your own chemicals but it takes a lot of time, something for which most hobby farmers are in short supply.

Many local community colleges and even some high schools provide evening training classes in many of the skill areas listed above. Farm conferences often have seminars and local farm extension offices can be invaluable resources to provide assistance. Your local seed and fertilizer and pesticide dealers can be helpful resources as well.

As mentioned earlier, even though I use the term “hobby” this is not a book about building a big playground to go play in the dirt. If you want to ride around on the tractor, give hayrides, and grow a little alfalfa for your horse you probably don’t need a book, and you certainly don’t need to be purchasing or renting farm ground at \$150 an acre. However, if your desire is to make some money and have a rewarding hobby then you are on the right track. A lot of study, a businesslike approach, discipline, and lots of hard work will be required, but you can do it.

Farming is a very entrepreneurial occupation. There isn’t going to be anyone calling you to come into work if you are not out of bed at 6:00. No one is going to force you to stay up late and fix a broken belt so that a combine will be ready to hit the field in the morning. As a part time farmer much of your success will depend on your project management skills and how well you prioritize. There will never be enough hours in the day, especially the first couple years. You need to prioritize so that you do the \$100 an hour jobs yourself, and you need to find someone else to do the \$5 an hour jobs.

Every farmer makes mistakes and starting from scratch without an experienced on farm mentor or partner you will make many more. What is going to determine your success or failure

is minimizing the size of those mistakes. I cannot stress enough the importance of reading and studying. However the best Ag school in the world is working on a farm, or even better running your own farm. Even if you start farming at a relatively young age you are only going to get about fifty cracks to get farming right so learn all you can learn early and the quicker you can learn what works in your area and on your farm the better off you are going to be. This also is another reason that starting to farm can be so hard. The mistakes are so much easier to make in the early years when you can least afford to make them. As negative as it sounds you should be financially prepared to cover some mistakes. Even without mistakes, the risk of weather, pests, and market insecurities will result in farm incomes that will have very large swings. If you are not prepared for these fluctuations your farming hobby may be very short lived.

There will be many frustrations you will face as a small farmer. You may find your small acreage at the bottom of the list during peak spraying time and equipment many dealerships are only open between 8am and 5pm, etc.

You can also partner with a neighbor or set of neighbors (especially if they are all small farmers) to try to address these challenges. You may also want to form partnerships to negotiate better deals for seed, spraying, etc. Many of the farm shows, seminars, tax programs, and farm bill education programs will take place during the week and often during regular working hours. If you are like most small farmers and have an off-farm job, it will be hard to attend many of these meetings. Unless you have a flexible job, the best thing you can do is buddy up with a neighbor and take him out to lunch or dinner and get the information second hand. Keep watch on the Internet, if it is a government sponsored program many the notes usually show up eventually, it just takes a little more effort to stay current.

It is very important that you stay plugged into changes in agriculture. Set your VCR to record the U.S. Farm Report. Discussion newsgroups such as those hosted by agriculture.com can be a good source of information on the current production techniques and farm business related issues. The RFD Network, available on both Dish and DirecTV satellite systems and some cable networks does a good job of presenting agriculture related news.

AGPhd, an RFD show hosted by Darren and Brian Hefty of Hefty Seed Company is a great resource for current information for grain producers. They present up to date topics that are relevant to the current season in an entertaining approach. They even begin the show with a section called “Ag Basics” that is just for new and beginning farmers. If you get the RFD network you can see their TV show or if not you can often get transcripts from the AGPHD.COM website.

Though greatly dependent on the size of your operation, the time and capital of operating a part time farm is probably going to be much more involved than most hobbies or side jobs. Because of this, many farmers, both full and part time, develop a workaholic response to farming. As explained by Dr. Val Farmer, a syndicated farm life columnist, there are a variety of reasons for this response.

First, the achievement in farming is very visible. Machinery upkeep is a craft and an art and something of which many farmers are very proud. Using an innovative crop technique, expressing creativity, and having a successful outcome can become very rewarding and addictive. Unlike golf or other hobbies, the work is almost always a few feet from the back door. Unlike woodworking or other hobbies a farmer’s project is never really “done”. The temptation to go back out after dinner will often be very strong. There are no standards of knowing when to stop.

Hard work plays a major role in the success of a farm. It plays a major factor in the culture of farmers, and is the standard by which many farmers judge one another. Farming can be a very competitive occupation and when farmers get together the topic is often one of farm management. This is also bolstered by the fact that both improvements and mistakes are highly visible to fellow farmers.

All this work can be easily justified. Many farmers will subconsciously use their farming knowledge to discount the demands from a spouse or family that competes with demands of the farm. Utilizing financial and management considerations the farmer can easily justify the intensity and energy put into the farm.

This is not to say that all farmers are workaholics. If the farmer uses the farm as a tool to bring happiness to his spouse and children along with his own physical and mental health, then hard work certainly has a place in the balance of personal and business success. Time commitments should however be one of the prime considerations when evaluating how much to farm, which equipment to buy, which crops to grow, etc.

There is no doubt, farming can be frustrating. Murphy's farm rule states that your combine will pick the first nice day in two weeks to throw a bearing that takes six hours to replace. There will be times it will rain for three weeks delaying your corn planting and then not rain for the next three weeks afterward. For farming to be enjoyable you need a mental mindset which will allow you to handle these adversities when they inevitably happen. A good sense of humor will help too.

Do not underestimate the requirements of managing the business side of the farm. It is a safe bet to say that 90% of farmers will say they enjoy the production end of farming much more than the bookkeeping, marketing, and financial planning aspects that are required. However, if you are going to be successful you are going to have to learn to enjoy the business side of farming as well. Tax management, determining which loans are best, which farm programs to sign up for, etc. all require a lot of time spent doing research and record management. In a business with high cash flows and slim margins like farming, the decisions you make in the office may be more important than the ones you make in the field. To be successful you must have a competent understanding of both the business and the production sides of farming. It was once said that you can't pay for a farm by working in the office but you sure can lose one.

One final thing to consider, especially if you have small children is farm safety. There is no denying that farming is a hazardous activity. Farming is currently listed as the second most dangerous occupation, second only to mining. In 2002 there were 730 people killed in farming accidents, that works out to be 21 fatalities per 100,000 workers. Tractor rollovers account for almost half of the fatalities. Most tragic is the number of children that are seriously hurt or killed working on farms. More than one if five farm accident victims is a child. Various farm

organizations have done a lot of great work in the areas of safety education and accident prevention. Over the years, the manufacturers have made a lot of progress improving the safety of farm equipment. Keep an eye out for the many farm safety presentations put on by the FFA and other organizations in your area.

Safety should also be a concern if you have visitors that have not been around farm equipment. People from the city may not see a tractor or a combine any differently than a car. They will not know about things like unshielded PTOs or any other number of imperceptible dangers. You should consider an umbrella policy to cover unforeseen accidents.

Machinery has gotten much safer over the past several years. However if you are planning on running a smaller farm you should realize that you would most likely be utilizing the smaller, older equipment that was manufactured before many of these safety enhancements were added. Older machinery will often be missing important shields or other safety features that may have been disabled by previous owners.

If I haven't scared you off yet, then you are probably aware that there are obviously many rewards to farming. If there were not then there wouldn't be as much competition for farm ground as there is. Clearly if there were not some very tangible rewards to small farming I would not be writing a book about how to do it.

As tough as farming can be, you will find that most farmers can't imagine themselves doing anything else. A farm can bring families closer together through the experience of shared accomplishment. Dan Looker put it best when he said, "In short, it fosters the real 'family values' that politicians love to talk about". A farm can provide some retirement income and self-sufficiency even when run on a part-time basis. The reward of looking out over a field of grain that you have planted, or at truck full of beans you have grown is something that just can't be described to many people and something most will never comprehend. The day you combine your first wagon full of soybeans and roll around in it with your kids will be something you will all remember the rest of your lives.

There are so many advantages to living in the country. Your home life, business life, and family life are more tightly integrated. Children who grow up on a farm, especially those with some livestock, learn lessons about responsibility and the benefits of hard work that are almost impossible to duplicate in any other environment.

By now I am probably preaching to the choir. You probably have a pretty good idea of WHY and what you are getting into and are more likely looking for information on HOW. Good, with that maybe I can help a little.