



Farm Management Newsletter

Decatur, Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry and Wayne Counties
John Campbell, Area Farm Management Specialist

Winter 2009

PLANNING IMPORTANT FOR ALL

Early in my tenure as an Area Farm Management Specialist, an Agricultural Agent in one of my counties told a story I have always remembered. Someone asked him if a certain agricultural commodity was important in his county. He answered, "It is to the families that produce it." It is sometimes easy to get caught up in the next "big thing." But for an individual farm family, the commodity they produce is the "big thing" for them. I have tried to use this approach working with farm families. What is important to a family is important to me when they seek my help. Extension's MANAGE Program has been designed to assist all farm families in improving farm management skills. Whether large producers or small, single commodity or highly diversified, MANAGE can help. The problems in the national and world economies have spilled over into agriculture. Profitability levels for 2009 are uncertain at this time due to volatility both in the potential sale prices of products and the purchase prices for inputs. Intensive planning using the FINPACK Computer Farm Analysis can assist farm families in projecting 2009 income under varying circumstances. Intensive planning can help prevent problems before they occur. This may be a year when many tough decisions must be made. Base decisions on information, not on hearsay. Intensive planning can provide that information. Contact your county University of Tennessee Extension office for more information. There is no charge for the program and all information is confidential.

COUNTRY OF ORIGIN LABELING

Final rules for Country of Origin Labeling (COOL) have been issued. Commodities subject to COOL are (1) muscle cuts of beef, lamb, chicken, goat and pork; (2) ground beef, lamb, chicken, goat and pork; (3) wild and farm-raised fish and shellfish; (4) fresh and frozen fruits and vegetables; (5) raw peanuts, pecans and macadamia nuts; and (6) ginseng. Processed meat and food products are exempt. The mandatory final rules went into effect September 30, 2008 with a six-month grace period for full compliance. The legislation puts the burden of proof on retailers, who will pass the requirements down the supply chain. Food service is exempt from COOL, including salad bars and delis in retail establishments. Retailers with invoice cost of perishable commodities less than \$230,000 per year are also exempt. Estimates are that 53% of U. S. food sales will be exempt.

Producers at the farm level will be required by buyers of their products to certify the origin. Cow-calf producers should be prepared to supply affidavits that state the animal is product of the U. S. Records kept in the "normal operation of the business" should suffice. This would include herd and calving records, feed purchases, etc. It is important to document herd size as of July 15, 2008, since breeding animals on hand at implementation of the new rules may not be sold for several years. Producers should request affidavits when purchasing cows and bulls. Stocker producers should request affidavits when purchasing calves. The estimated cost to livestock producers is estimated at \$450 million or an average of \$376 per firm. Retail prices for beef are expected to increase 4 cents per pound.

GOAL SETTING HAS BENEFITS

A farm management concept that is often overlooked is that of goal setting. Goal setting helps to answer questions as to why the farm business exists to begin with. There are several pertinent questions that lead to developing goals. "Why do you do what you do?" "What is important to you?" "What are you trying to accomplish?" "What do you value most?" Researchers have identified the following "Positive Outcomes from Goal Setting."

- Communication among family members improved.
- Management decisions and work activity is more effective on priority concerns and management effectiveness increased.
- Cash-flow management in the production unit and household improved as impulse buying of production inputs and household items was reduced.
- Borrowing, risk and interest expense were reduced.
- Conflict was reduced and working relationships improved.
- Expenses were kept under control and profits increased.
- Anxiety and concern over the present and future were reduced.
- A better balance between production activities and family life occurred.

If you feel there are certain management areas in your operation that need improving, give goal setting a try. You may be surprised by the results.

WARNING SIGNS

Often accurately assessing our own strengths and weaknesses is a difficult task. There are many lists of financial warning signs that have been published over the years. Lenders will often look for these signs when making decisions on loans. Here are some of these warning signs:

- Major changes in crop and livestock production (declines in production and /or changing enterprises).
- Lines of credit with multiple lenders.
- Large amounts of vendor credit and credit card balances.
- Failure to provide timely financial information.
- Default on loan agreement provisions.
- Avoiding meetings with creditors.
- Cutting corners on important production inputs.
- Deterioration in the appearance of machinery and facilities.
- Speculation activity in the futures' market.
- Adopting new, expensive technology too quickly.
- Failure to adopt proven, profitable technology.
- Deterioration in balance sheet financial ratios.
- Consumer credit rating drops.

Does anything on this list hit home? If so, what can you do to change direction? Remember that making no decision on a pressing issue is actually making a decision to continue operating as in the past.

FARM MANAGEMENT WEB SITE

For more information on Extension farm management educational programs and educational information on a variety of topics, go to my web site at www.utextension.utk.edu/managecamp. The website also has links to a variety of agricultural related sites that provide educational and market information.

MANAGEMENT INFORMATION LINE

The Tennessee MANAGEMENT Information Line is available for all Tennessee farm families for confidential information about farm management, stress management and family financial management. Calls are answered by trained staff who understand farming and who are interested only in providing assistance to you. The toll-free number is 1-800-345-0561.

For more information contact:

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MANAGEMENT Information Line 1-800-345-0561

COMMODITY PROGRAMS ENROLLMENT

Enrollment is now under way at the Farm Service Agency for the agricultural commodity programs authorized by the new farm bill. While these programs operate primarily as in the past, there are some important changes that can affect individual producers. Contact your Farm Service Agency office for more information.

FERTILIZER PRICES

Fertilizer prices reached unprecedented levels last year. NASS reports fertilizer prices in April each year. The 2008 survey revealed that anhydrous ammonia prices had risen 202% since 2002, urea 189%, DAP 274%, and potash 242%. Prices moved even higher later in the year. Wholesale prices have been dropping recently which should eventually lead to lower retail prices. Producers should compare prices among dealers when practical.

WHERE DOES TENNESSEE RANK?

USDA has released state rankings for general farm information and crop and livestock production. Tennessee has the sixth largest number of farms in the U. S. at 79,000, but ranks 26th overall in total farm land. Tennessee's average farm size of 144 acres ranks 43rd. Wyoming has the largest farm size at 3,909 acres. Tennessee ranks second (behind Texas) in the number of horses and meat goats. Beef cow numbers rank 13th, with dairy cows ranking 28th. For crops, Tennessee ranks second in production of burley tobacco, dark fire-cured tobacco, and dark air-cured tobacco. Kentucky ranks first in all of these categories. Soybean production ranked 18th while corn production ranked 21st. Two rankings that may be surprising to some are for fresh snap beans and fresh tomatoes. Tennessee ranks second for both of these crops. Florida ranks first for these.

CLOSING NOTE

The wonderful thing about experience is that it enables you to recognize a mistake when you make it again.

COUNTY EXTENSION AGENTS

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