

BEGINNING ANOTHER YEAR

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Originally published in Rodale Institute's 'New Farm Magazine' January 2004

After a delightful Christmas visit with family in North Carolina, we drove north past Virginia's Shenandoah Valley red clay furrows in fall-plowed fields. As we reached southern Pennsylvania, the scene changed dramatically. Many fields of corn were still standing, ears hanging limply on skeleton stalks, the sun glinting off the slick mud and standing water between the rows. As we crossed the New York state line, we passed a slow-moving combine in a field of soybeans, kicking up sprays of mud from ruts that bore an odd resemblance to chocolate pudding.

By one estimate during the week before Christmas, over a third of the corn in our area of New York was still out in the field. Buffeted by high winds and snow late in the fall, many of the stalks have tipped sideways, ears in the mud or under the snow, making harvest slow and



difficult. Neighboring farmers still have fields of soybeans and even red kidney beans yet to harvest, thanks to the bottomless mud and endless days of rain and snow in November and December. Klaas' brother in law, who is a farm machinery dealer in western Ontario, mentioned recently that the farmers who harvested their corn with moisture in the 30's were the lucky ones. Many other farmers have not been even that fortunate.

For the Northeast, the rain that wouldn't quit during the summer has now extended well into the early winter.

Farmers know that with every day and every snow after Thanksgiving, field losses rise precipitously. In many cases, a field of soybeans harvested now may yield only half of what it would have in early November. If we are lucky, we may get a couple of dry days here at the end of December, but after that, well, then it's January. Then it is 2004.

Risk Management in the Trenches

Has anyone noticed how wet it is down here in the trenches this year? As another difficult year winds down, it is especially imperative to spend the winter months planning strategies to manage our risk more effectively. As we plan better ways to survive difficult years, we need to examine many diverse factors as they pertain to an organic system and develop ways to use them wisely for our advantage. Here are a few tidbits we've been thinking about that can help reduce risk and improve farm income.

Economists tell us that there are only 3 honest ways to make more money in business - increasing volume, increasing price, or decreasing costs. This traditional wisdom does have some value to farmers, but it isn't always true. Conventional farmers are constantly pushed to increase their volume, usually with geometrically spiraling input costs from fertilizers,

pesticides, more cows and more land. While the volume may go up, so do expenses and often the overall farm profit actually declines.

Raising crop yields can be a good way to increase profits and reduce risk, but not when expensive inputs are seen as the only way to increase yields. Too many farmers have bought into the assumption that any input that potentially raises yield will make a profit. Think about all the money spent on sidedressing wheat last spring with nitrogen! The \$50/acre that many conventional farmers spent on fertilizer may have returned 10 to 20 bushels/ acre of extra grain yield. At 10 bu/a of yield increase, those extra bushels cost \$5 each to grow and at 20 bu/a, the extra wheat cost \$2.50/bu to grow. Most of the conventional wheat sold in our area ranged from \$1.60 to \$3.00 per bushel after dockage. The fortunate few who may have gotten a 20 bu/a yield boost and didn't have sprouted wheat 'made' \$10/acre minus the extra harvesting trucking and drying costs. There were farmers whose wheat went flat last summer who lost far more than \$100/acre of profit by sidedressing their wheat.

How can we raise yields without buying more inputs? Here are a few inexpensive management ideas. Planting the wheat more precisely and at the optimum seeding depth. This will give us a more strongly established stand that overwinters better and has fewer thin spots next year. How many farmers even know how deep they planted their wheat last fall? Planting wheat in a rotation with crops that will leave enough residual nitrogen. Using regular soil tests to optimize lime rates and manure use. Planting wheat at the best planting date. Using a small amount of banded starter fertilizer. There is plenty of research showing that small amounts of properly placed starter fertilizer can give a much better return than large rates of broadcast materials. No single one of these things by itself will give a huge yield increase. But all of them, taken together, can give a significant gain in yield without much increase in cost.

The wisdom of crop diversity has been very apparent this year. By spreading the risk, labor and timing over many different crops, we are much more likely to hit the optimum with at least one. We were harvesting at least one crop pretty much constantly from late July through late November, from barley to cabbage. On nearly every dry day possible, the combine was going in the field. Some of these crops were high yielding low-profit crops like barley, some were lower



yielding high-profit crops like sweet corn. More crops also means more diverse rotations which itself will often give a yield increase. By planning a diversity of crops wisely, we can effectively increase both volume and price, using labor more efficiently, timing critical operations more precisely, and avoiding big losses on any one particular enterprise.

In a difficult year, it is essential to have reliable equipment in good repair of the right size and capabilities. The very best way to increase yield is to decrease field and harvest loss. Spending time adjusting the combine optimally and maintaining it in top condition pays off quickly. Very often the increased yield of crops harvested on time in good condition will more than pay for the cost of better maintenance or rental of higher quality equipment. Combine concaves and cylinder bars are often worn out long before they look it.

Our farm manager, Robert Hall, maintains a running list through the season of needed equipment repairs and improvements that he then does on rainy days or during the winter. Several of our neighbors lost many of the few sunny days this fall repairing worn and broken equipment, only to have the combine running again just as the next rain started.

Improved weed control is another excellent opportunity to increase both yield and quality. If your weed control was not sufficient this year, it would be a good idea to spend time this winter learning more about cultural and mechanical weed control. Do you need to change your crop rotations? Do your soil tests indicate nutrient imbalances? Are there pieces of weed control equipment you need to add to your arsenal? Do you need to consult with other organic farmers who are more successful at weed control? Now is a good time to think about this.

Farmers are funny beasts. They will do everything humanly possible to avoid drying wet grains early but will willingly expend huge amounts of fuel to dry grains in late December when field losses have added up. Often it is much better to harvest grain earlier in the season, getting it just as it reaches maturity and before field loss adds up, drying with some heat, and making sure you get it all. It is also important to take enough time to dry grain to a moisture where it will keep in good condition. Economizing on propane at harvest is no savings when grain spoilage results in quality loss in storage.

Winter is a good time to carefully summarize your farm 'numbers' and then sit down with your financial management advisors to hash out the season, letting them understand your financial situation and strategies. This includes your banker, insurance agent, crop insurance agent, accountant and FSA representative. Bankers don't like surprises, nor do they like dishonest accounting. Our banker tells his clients that "as long as you level with me, I'll be your best friend, but if I ever catch you lying to me, I'll be your worst nightmare!" Think about it this way - we farmers paying the bank a lot of interest, in effect 'hiring' the ag loan officer and bank staff for advice, we are in partnership with them. We need to keep them involved and informed, in good times and in bad. If you don't feel comfortable with your current advisors' abilities to offer sound financial planning advice for your farm, especially if your farm is organic, or with your bank's commitment to your community, then maybe it is time to visit others in the area and get recommendations from other farmers.

A lot of farmers tend to wind up with many small, high interest loans, through machinery and credit card purchases, mortgages, and pastdue accounts with suppliers. This is expensive money, and are often an avoidable expense. It makes good financial sense to pay all bills on time, avoiding the outrageous interest of easy credit, and to work with your banker when more money is needed. Careful planning, in conjunction with a good banker, can consolidate loans and greatly reduce interest costs.

Crop insurance is a great protection against prevented planting and crop losses, and it is now available for organic farmers. It appears that USDA is trying to reduce the number of disaster loans/grants by making it easier for more farmers to use crop insurance. Our meager snapbean crop barely paid for the cost of the seed, but the crop insurance will cover the other expenses of that crop. We didn't make any money on those snapbeans, but fortunately we didn't lose any either. Because most organic farmers are inadequately or improperly insured, we have asked our

crop insurance agent to speak at our January New York Certified Organic meeting. Admittedly, crop insurance is mighty confusing for most of us, getting all the necessary papers completed and filed by the deadlines is challenging, and crop insurance is expensive if you don't end up needing it. But in years like this one, crop insurance may very well be the deciding factor between losing money and paying the bills.

There are no magic formulas for farm financial stability. As hopelessly old-fashioned as it may seem, there is still no substitute for paying bills on time, not taking on more debt than can predictably serviced by cash flow, and sticking to a balanced budget. Budgets are not fun, but they do make a lot of sense. Winter is a good time to sit down with family members and develop a reasonable budget, planning anticipated farm and household expenses, and calculating the income needed to cover costs. Developing a workable budget, and then having the discipline to stick to it, is especially critical for identifying where expenses can be cut without jeopardizing farm output or family quality of life. Watching closely to see how hard it is to stay within a budget can also reveal where hidden financial hemorrhages may be.

Adding value to many farm products can increase their price, whether if it is starting an on-farm processing enterprise or tapping into a specialty market. However, not all value-added opportunities pay off. Sometimes the cost of adding the value is not sufficiently rewarded by the market. Sometimes existing competition will make the enterprise not worth the effort. It is important to honestly evaluate the feasibility any value-added opportunity before making significant investment.

Even without adding value yourself, organic alone is a darn good niche market that could get better. December brought the first documented case of mad cow disease in the United States and with it, a sudden precipitous drop in American beef markets. Never mind that far more people are killed by cars each year and no one is avoiding cars because of that! We all know that



farmers will pay the highest cost in situations like this, even though most farmers are not at fault. But organic farmers should NOT have to pay the price for questionable conventional practices that may lead to this disease. Consumers and the media need to be told, in clear and unconfusing language, that USDA National Organic Program standards absolutely prohibit the feeding of animal byproducts to organic animals. To the best of our knowledge, there have been no documented cases of mad cow disease on organic farms in Europe with closed herds. If indeed

feeding of animal byproducts is the primary means of transmission, then organic meat and milk should be especially safe - and tasty - for consumers! For organic farmers producing livestock and animal products, and for the organic grain farmers producing animal feed, this mad cow hysteria could definitely be to our benefit, if we make use of it wisely.

New Year Resolutions

On our Christmas trip home, we drove north along the Susquehanna River, the trees on the banks half submerged from recent snow melt and heavy rain. Watching the sun play on the water, we thought about a few other worthwhile New Year Resolutions.

In addition to the old standards of losing some weight, getting more exercise, and keeping the house a little neater (all, admittedly, much needed!), there are other New Year Resolutions that seem to be in order this year.

We resolve to keep more current with our farm records, trying harder to promptly write down all field activities, weather and harvest data as it occurs rather than imperfectly piecing it together several weeks later. These records are our most valuable key to understanding what we did right and wrong, and are our best guide to what we should be considering next year.

We resolve to eat more of our own and local food, reducing our dependence on grocery store over-processed, well-traveled and conventional goods. Rather than just being organic farmers, we will make more effort to really “walk the talk”, to produce more of our family’s food ourselves, and to support our neighbors who are innovatively developing ways to supplement their farm income.



We resolve to spend more time actively connecting with our children, sledding by moonlight in January, riding bicycles at twilight in July, cultivating soybeans and canning peaches, gathering eggs and feeding pigs, and spending more Sunday afternoons, all sitting on the living room floor playing Monopoly and eating popcorn. In ten years these children will be grown, our brief chance for such times will be gone forever. This year, we resolve to spend more time truly enjoying our children now as they grow into such interesting people.

We resolve to spend more time listening and less time talking. We resolve to try harder to be good neighbors, acting less on the principle of “what’s in it for me?”, and more on that “we all do better when we all do better”.

Happy New Year, folks, we hope its a good one for you!