

Control Your Own Destiny



With potential cuts in farm program payments, crop insurance will become an even more important tool. It will likely become part of a comprehensive information management system

that will change the way you farm and provide tremendous opportunities if you capitalize on the new technology.

I believe crop insurance will continue to be the government's tool for dealing with disasters associated with production agriculture and providing income protection. If you don't use these programs, you usually don't qualify for any additional disaster funds that may be available.

The crop insurance industry, in conjunction with USDA's Risk Management Agency, will continue to look at and potentially develop new and better products to help you manage risk. Analyze these to determine if they fit into your risk management plan and make sure your lender is comfortable with your decision.

Farm Bill Issues

There is much discussion about potential cuts in the farm program. These may be minimal or significant.

In my presentation "The Seven Habits of Highly Successful Farmers," I point out that one of those habits is the attitude of controlling your own destiny.

One thing you can do to control your own destiny is determine the impact on your operation of potential or complete program cuts and what it would do to your bottom line. In doing this with several cash grain farmers, we soon realized that those operations need diversity to be "riskwise" in "what if" scenarios.

Livestock can provide some of that diversity, plus it can add value to the operation by providing manure nutrients. Even if you don't want the work or risk of having livestock, there are other alternatives.

One is to own a livestock operation and have someone else manage it. Another is to invest in livestock operations. I am aware of several good opportunities that provide for diversification with a good proven rate of return.

We operate in a global food and fiber system. Just because agriculture has been subsidized in the past doesn't mean it always will be.

Part of controlling your own destiny is planning. Thinking outside the box and looking for opportunities that meet your unique set of resources can provide some exciting opportunities.

You can't manage what you can't see or visualize. Growers who make the best decisions generally don't do so because of genius. They have tools and do things others don't. Some good "what if" planning and a look at diversity can reduce your risk, improve your profitability and make farming easier and more fun. ■

Evaluate Your Competitive Advantage

Evaluate your strengths and weaknesses when determining how you can add value to your corn and soybean crops.

Some areas to evaluate are: available capital, available labor to manage value-added projects and your skill in managing risk.

Ethanol and biodiesel plants are good ways to add value, but you may not have those opportunities in your area.

For example, if you have good liquidity, good risk management and discipline skills, you may want to look at investing in off-farm livestock investments like custom cattle feeding.

If you do have the labor in addition to capital, you may want to build hog or poultry buildings and be custom growers. Selected dairy production facilities are also looking for investors.

We have clients who have seen return on investment in excess of 25% by investing in operations where they don't have to provide any labor or management – just the capital.

Any combination of these can add income diversity to your operation and add value to your crop production. ■

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