

## Do You Really Need To Own Land?

If you ever get a chance to attend the annual TEPAP (The Executive Program for Agricultural Producers) program, please do. This attracts top farmers from the U.S., Canada and this year one farmer from Argentina. In my opinion, it's the top program for ag producers, in both content and in the quality of producers attending. I always leave in awe at how much talent is in attendance and how innovatively they approach farming.

The networking, creativity and wealth creation ideas that come from it are enormous. If I meet someone who has excelled in farming in a non-traditional way, they are often alumni of the TEPAP program.

So what's on the minds of these innovators?

**One trend** I have observed is the top producers in attendance are not obsessed with owning land. This is different feedback from what I hear farmers throughout America say. They tell me their biggest challenge is getting land to purchase or rent, and the frustration of chasing an ever-increasing price.

I think things are changing in

the approach to wealth creation. This new breed has a different focus. Granted, they'd love to own all of the land that adjoins them, but if it's not available they seek other opportunities.

Their focus is more on what I'd call intellectual capital, not land capital. They may need land to

meet their goals but they don't need to own it. Their contribution is in managerial competencies like asset utilization, revenue-to-assets turnover ratios, replication, standard operating procedures, leveraging human and financial capital, managing managers and creating wealth by creating companies that generate lots of cash

and bottom-line earnings.

Traditionally, critics say, "That's fine, but when you quit farming you don't have a land base to retire on."

That's changing. There's a growing recognition of a profitable business that has transition plans, backup management and value creation for customers. Those businesses can be and are being sold at a great price as ongoing farming operations transfer leases, facilities, other assets and manage-

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ment to new owners.

Yes, this is out of the box thinking. But I see greater success in building value for stakeholders of these businesses than spending a lifetime paying for a farm and then letting the children fight over it when Mom and Dad are gone.

Furthermore, the value of farming operations will increase exponentially as farmers align with input suppliers to assure quality and cost of inputs, and with end users producing products their customers want, delivered when they want them, with preserved identity and quality that can't be found commercially.

The value of farming operations will also increase as farmers cooperate with fellow farmers to make maximum use of land, labor, capital and management. ■

### Farm Partners

In the 1960s when I was growing up on the farm in eastern Iowa, we traded equipment and work with neighboring farmers because we couldn't afford to do it all alone. Then times got so good between 1965 and 1982 that we fell into a pattern of "going alone" on most everything.

Times have changed, and to compete in a global environment we need to work together with other farmers more than ever to create value, build wealth and use our unique competencies and talents. An additional advantage is extracting value that we created when one wants to retire and not have a farm liquidation sale.

Farm Partners of Harlan, IA, has built a model of 23 farmers doing just that, creating tremendous value by farming 17,000 acres together and at the same time bringing in seven new farmers who would never likely have been farming without joining.

They've recently formed a new company to replicate that model for other farmers who wish to do the same. If you are interested in learning more about the system, please contact me. ■

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