

Busy Time of Year: Labor Needed, Management Necessary

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May is one of the busiest months of the year for row crop and livestock producers. The month of May generally includes planting crops such as corn, soybeans, and tobacco, cutting and baling hay, and weaning fall born calves. This is not an inclusive list, but it makes the point that a lot of agricultural producers are in the midst of a labor intensive time period.

Spring months are always labor intensive and the work has to be done, but it is also important to remember the management side of agricultural enterprises. If management is not applied along with labor then producers could be setting themselves up for financial failure. Financial failure can then lead to further problems. Thus, here are some management tips that may prove beneficial for an operation.

1. *Define specific measurable goals for the farm.* It is important goals are specific, measurable, and in writing. If a goal is not specific or measurable then how can one gauge progress or success? A specific measurable goal may be, making a certain dollar value profit per acre or returning a certain margin per head of livestock. Another specific and measurable goal may be to teach young people a strong work ethic and responsibility. The way this is achieved is by providing a young person an example of a good work ethic and then charging them with a task they are consistently responsible to complete such as feeding the calves or checking fences after a storm. It is also important to periodically evaluate progress towards the goals throughout the year and evaluate the successes and failures at the end of each year.
2. *Evaluate the profitability outlook.* Each year, producers should evaluate the profit potential for each enterprise alternative. One method to do this is to use enterprise budgets which can be found online at <http://economics.ag.utk.edu/budgets.html> or at your local county extension office. Agricultural producers who produce annual crops and are diversified across several enterprises can evaluate and compare profitability across several crops or livestock enterprises and determine where to funnel resources to meet profit goals. However, less diversified producers and most cow-calf producers cannot easily change enterprise mix. This situation results in producers needing to evaluate changes that can lower costs or increase revenues. Some examples may include changing grazing management to reduce the reliance on hay or planting annual forage crops to reduce the need for feeding concentrates. Another example may be to purchase a few stocker cattle to take advantage of excess forage or purchase stocker cattle that would group well with home raised calves.
3. *Develop a marketing plan.* A well-defined marketing plan can reduce risk and anxiety while increasing the number of hours of sleep each night! Grain producers can begin marketing grain before the seed is even in the ground. Oftentimes it is advantageous to market small portions of grain throughout the growing season, even before planting, to take advantage of prices that are oftentimes higher than prices at time of harvest. However, one does not want to market so much that price risk is traded for production risk. Marketing plans are also vital for cattle producers. Cattle producers should know their intended marketing date, weight, and avenue. Additionally, cattle producers should regularly evaluate opportunities to market cattle earlier or later than planned and consider using price risk management tools.
4. *Construct annual financial documents.* A few key financial statements include the balance sheet, income statement, and statement of cash flows. These three annual financial documents can assist in whole farm and enterprise planning as well as assist producers in identifying places for improvement and establish a benchmark from which to compare the operation each year. Constructing these documents may appear like a lot of work, and it does take significant effort the first time around. However, subsequent years will be much more streamlined, and help is available

through University of Tennessee Extension area farm management specialists. More information can be found at the following website <http://economics.ag.utk.edu/mang.html>.

In conclusion, it is understood that farmers are working long hours in the field right now, but remember to take time to provide the management the farm needs to be successful. Additionally, remember to enjoy each moment, because this day only comes around once in a lifetime!