

News Column  
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For Release 10/31/16  
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## FINPACK WORKSHOP

I've been tiptoeing around this topic for a year now, not wanting to be the one to say the sky is falling. Unfortunately, the farm economy hasn't improved any during the last year, so I think it's time to take some steps to avoid getting crushed by that falling sky.

It has been several years since we have seen commodity prices this low, particularly wheat, corn, and grain sorghum prices. Soybeans might still be profitable, but it will take an unusually abundant crop to turn a profit with some of the other crops.

Like many of you, I am old enough to remember the 1980s. However, unlike some of you, I didn't get to experience the prosperous 70s before jumping into farming in the spring of 1980.

At first I was jealous of my high school classmates who skipped college and went straight to farming. They had some really good years in the late 70s and were able to get low interest loans (that were no longer available by the time I finished college) to buy high priced land. They had their farming operations up and rolling — and I was just getting started....

As it turns out, I probably experienced less stress than those classmates who got the quick start that I couldn't manage. I really never had anything, so I certainly didn't stay awake at night worrying about losing it.

Looking back, I'm not impressed by the financial management skills I employed during my farming days. Sure, I kept good records,...and my checkbook always balanced to the penny.

However, I don't remember ever having a long range budget, or even penciling out a break-even for the crops and livestock I was producing. I'm sure there was a lot of math going on in my head (still is), but I don't recall writing much of it down.

Think about this with me, if you will. If I had prepared a budget and figured what it would take to break even, do you think I still would have borrowed \$17,500 at 17.5% interest to buy 25 bred heifers in 1981?

Yeah. You're right. I might have. I always loved my cows and I figured the pigs would pay for them. But that's not the answer we're supposed to give. If I had done the math, maybe I would have been smart enough to invest in something profitable. Maybe.

Now, I realize I've painted the picture of a pretty terrible farm manager. You might assume I'm a casualty of the 80s if you don't know all the facts. The missing detail is that I was a bachelor, living in my parents' basement, trading labor for food and lodging. The farm only had to break even, and it actually did a little better than that.

### Managing Your Farm Future – December 13

I attended a FINPACK workshop shortly after starting my Extension career and the lights suddenly came on for me. I thought, "Oh, so these are the kind of records I should have had when I was farming!" I plugged my own farm numbers into the program and suddenly I had balance sheets, crop and livestock budgets, cash flows, and long range budgets. It took some work, but I was really impressed with the results.

FINPACK is a farm financial analysis computer software package that can help producers with long range planning and business analysis. There's probably nothing that a really savvy manager couldn't do on paper, but FINPACK can analyze more options faster.

Because we are concerned about the current farm economy, we will host a meeting titled,

“Managing Your Farm Future” at 6:00 p.m. on December 13 at Pottorf Hall in Manhattan. The meeting will kick off with a presentation from Extension Ag Economist Mykel Taylor, outlining the current farm financial situation. Then we’ll move on to a FINPACK demonstration by Duane Hund, Director of the K-State Farm Analyst Program.

At the end of the evening, producers may choose to sign up for one-on-one consultation with a Farm Analyst, using the FINPACK software.

There is no charge to attend the December 13 meeting, and no obligation to participate beyond the first evening. However, for producers interested in more intense analysis, there will be an opportunity to make an appointment for either January 10 or 11 to meet with a Farm Analyst.

The December 13 meeting is free, but there will be a \$150 fee for those who choose to continue with the FINPACK analysis. I think it will be worth it (the normal rate is \$450), but that’s a decision you’ll have to make.

You can register for the December 13 meeting online at [www.riley.ksu.edu](http://www.riley.ksu.edu). If you have questions, you can reach me at the Riley County Extension Office at 785/537-6350. Or, you can send e-mail to [gmccclure@ksu.edu](mailto:gmccclure@ksu.edu).

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