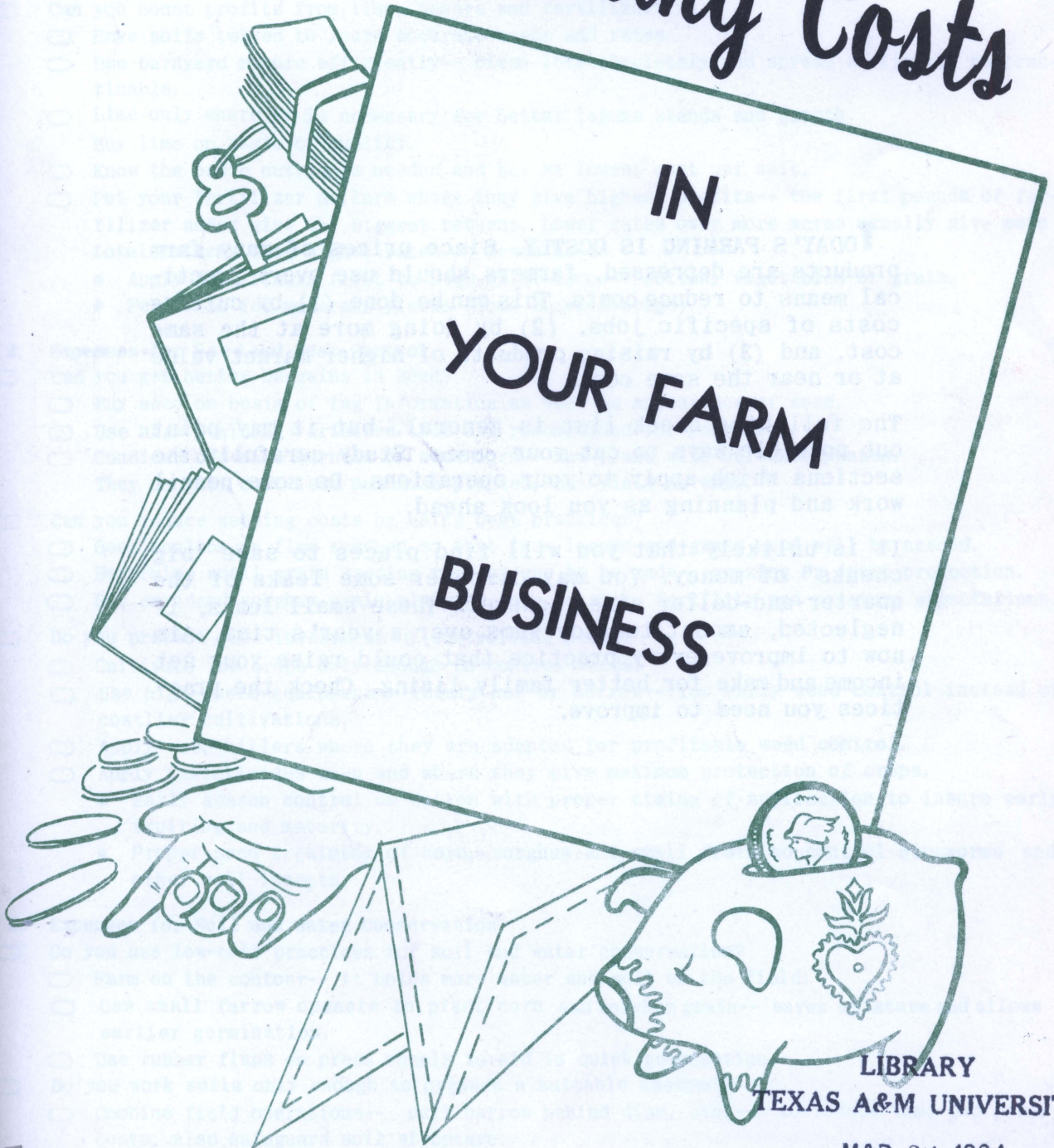


# Cutting Costs

## IN YOUR FARM BUSINESS



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**T**ODAY'S FARMING IS COSTLY. Since prices of many farm products are depressed, farmers should use every practical means to reduce costs. This can be done (1) by cutting costs of specific jobs, (2) by doing more at the same cost, and (3) by raising products of higher market value at or near the same cost.

The following check list is general, but it may point out possible ways to cut your costs. Study carefully the sections which apply to your operations. Do some pencil work and planning as you look ahead.

It is unlikely that you will find places to save "big chunks" of money. You may discover some leaks of the quarter-and-dollar size, however. These small leaks, if neglected, amount to tidy sums over a year's time. Aim now to improve every practice that could raise your net income and make for better family living. Check the practices you need to improve.

# CUTTING COSTS IN YOUR FARM BUSINESS

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## 1. Expenses for Fertilizer and Lime

- Can you boost profits from lime, manure and fertilizer?
  - Have soils tested to learn accurate needs and rates.
  - Use barnyard manure efficiently-- clean lots completely and spread as lightly as practicable.
  - Lime only where it is necessary for better legume stands and growth. Buy lime on basis of quality.
  - Know the basic nutrients needed and buy at lowest cost per unit.
  - Put your fertilizer dollars where they give highest profits-- the first pounds of fertilizer added give the biggest returns. Lower rates over more acres usually give more total returns than higher rates on fewer acres.
    - Apply fertilizers first to high-value crops-- cotton, vegetables or grain.
    - Fertilize for moderate yields (some above average).

## 2. Expenses for Seed and Pest Control

- Can you get better bargains in seed?
  - Buy seed on basis of tag information as well as appearance of seed.
  - Use high-yielding varieties that are recommended for your area.
  - Consider odd-size kernels in seed corn-- and plant with suitable plates. They usually cost less per acre planted, but yield as well.
- Can you reduce seeding costs by using best practices?
  - Seed shallow on firm seedbed so that less legume and grass seed will be needed.
  - Determine small grain seeding rate by use to be made-- grazing or grain production.
  - Fit corn and sorghum grain planting rate to soil, fertility and moisture expectations.
- Do you protect your investment by controlling pests?
  - Cultivate row crops only enough to control weeds.
  - Use high-speed equipment-- rotary hoe or harrow-- for early weed control instead of costlier cultivations.
  - Apply weed killers where they are adapted for profitable weed control.
  - Apply insecticides when and where they give maximum protection of crops.
    - Early season control on cotton with proper timing of application to insure early fruiting and maturity.
    - Proper seed treatment of corn, sorghum and small grain to control wireworms and other soil insects.

## 3. Expenses for Soil and Water Conservation

- Do you use low-cost practices for soil and water conservation?
  - Farm on the contour-- it holds more water and soil on the field.
  - Use small furrow openers to plant corn and sorghum grain-- saves moisture and allows earlier germination.
  - Use rubber flaps on press wheels to aid in quick germination.
- Do you work soils only enough to prepare a suitable seedbed?
  - Combine field operations-- pull harrow behind disc, etc.-- to reduce time and power costs; also safeguard soil structure.
  - Avoid working soils when wet-- saves extra tillage and protects soil structure.
  - Avoid pulverizing soil by too much working.

#### 4. Expenses for Feed

- Can you get bigger return per dollar for feeds?
  - Feed best roughages to milk cows and young animals.
  - Cull low-producing, unprofitable stock.
  - Buy feeds based on cost of productive energy or digestible nutrients.
  - Use lowest cost ratio that provides balanced combination of proteins, minerals and additives.
  - Take advantage of discounts on bulk or volume feed purchases.
  - Feed concentrates to milk cows according to production.
- Can you prevent losses from waste and weather damage?
- Can you substitute pasture and roughages for more grain and purchased concentrates?
  - Feed only roughages (or limited supplement) to beef cow herd.
  - Full-feed roughages to milk cows.
  - Use pasture for brood sows and litters.
  - Manage pastures for maximum year-round use of roughage in growing and fattening programs as well as in maintaining herds and flocks.
  - Plant supplemental pastures to extend pasture season and rest native pasture.

#### 5. Cutting Animal Losses from Diseases and Pests.

- Can you do more to prevent disease losses?
  - Protect livestock, poultry water and feed from contamination.
  - Keep fences in repair so that diseases are not introduced by stray animals.
  - Provide isolation for sick animals.
  - Have new herd additions tested and examined for disease before turning in with other animals.
  - Follow routine vaccination programs recommended for your area.
- Can you give livestock better protection from pests and parasites?
  - Prevent losses from lice, ticks and biting flies.
  - Treat for intestinal parasites as needed.
  - Use chemicals and drugs which do the best job at the lowest cost.

#### 6. Expenses for Livestock

- Does stock you buy fit your production goals?
  - Get light breeds for egg production, broiler-type chicks for meat.
  - Purchase tested meat-type boars for swine breeding herd.
  - Buy weight and grade of feeder cattle or feeder lambs that fit your available feed, feeding experience and markets.
- Do you buy better producing livestock-- not culls-- for replacements?

#### 7. Expenses for Fuel and Oil

- Can you conserve fuel in field operations?
  - Practice contour farming on sloping land-- fuel needs are less than with the up-and-down-hill pattern.
  - Keep tractor carburetor and thermostat adjusted for top fuel efficiency.
  - Service air cleaner daily to reduce engine wear and to avoid excessive fuel consumption.
  - Eliminate unnecessary operations. Example: Stalk cutter generally is not needed in seedbed preparation for oats.
  - Combine implements and operations where possible.
  - Use long-row patterns to reduce end travel.
- Can you give better protection to stored fuels?
  - Use lock to prevent theft.
  - Keep tank in shade and use special pressure cap to reduce evaporation loss.
  - Store fuels away from buildings to minimize fire losses.

### 8. Expenses for Machinery and Equipment Repair

- Can better repair of machinery and equipment save labor and expenses?
  - Repair and maintain equipment to extend usefulness and prevent breakdown.
  - Do as many of your own repairs and maintenance as you can.
  - Get major jobs-- such as tractor overhaul-- done during serviceman's slack season-- it may mean a good break in price.
  - Use reasonable rates of speed in field travel-- they reduce breakdowns and accidents.

### 9. Expenses for Electricity and Machinery Hire

- Can some machinery hire save you money?
  - Hire custom work when it is cheaper than owning the machine yourself.
  - Exchange machinery with neighbors where this is desirable.
- Can you use your own machinery and save?
  - Use your own machinery as much as possible. Example: You can build terraces with a plow, sometimes more cheaply than hiring the work done.
- Can you manage electric power use to avoid loss of efficiency?
  - Avoid using heavy motors at time of heavy household use.
  - Ask your power supplier for the best rate for your situation.

### 10. Purchases of Machinery and Equipment

- Do you really need new machinery and equipment now?
  - Before adding new machinery/equipment check labor and other savings to see if greater than the added annual cost.
  - Repair present machinery where it is justified on basis of economy.
  - Consider wise purchase of used equipment whenever practical.
  - Either exchange equipment or own jointly with neighbor where experience and need justify.
- Will the new machine or equipment fit your longtime plans?
  - Get items that fit new methods. Examples: listing, once-over tillage, seeder-distributor, etc.
  - Get the size suited to planned operations.

### 11. Cutting Irrigation Costs

- Have you overlooked ways for increasing irrigation efficiency?
  - Have qualified irrigation servicer and supplier develop a well-designed and economical system.
  - Follow manufacturer's instructions for operating and servicing irrigation equipment.
  - Hold your acreage in line with available water for irrigation.
    - Irrigate according to plant needs, not by the calendar.
  - Choose methods of applying water for the most economical return.
  - Find economical ways to reduce conveyance and water application losses.
  - Reduce labor costs by managing to change water sets on a chore basis and by using labor-saving water control devices.
  - Make the most of your irrigation investment by extending the use of the system.
    - After the usual summer irrigation, consider fall and winter applications for legumes and small grains.

### 12. Expenses for Labor

- Can you substitute available labor for hired labor and services?
  - Exchange work with neighbors for short-time, extra-help jobs.
  - Schedule repair and maintenance work during slack periods.
  - Do-it-yourself wherever possible.
- Can you reduce labor needed for livestock?
  - Use self feeders and waterers.

- Have bulk feeds delivered to the feeders.
- Simplify chores to save time and steps.
- Can you reduce labor needed for field work?
  - Eliminate unnecessary operations such as cultivating to "fill the cracks."
  - Cultivate soil just enough to prepare a satisfactory seedbed.
  - Combine operations. Example: Harrow behind disc.
  - Use high-speed, wide-row equipment such as rotary hoe to avoid slower, more costly cultivation.

### 13. Other Considerations

- Are you farming tax-wise? (Wise tax management is a part of good farm management. Income tax costs can be reduced by careful planning.)
  - Know all legal means of reducing taxes.
  - Manage machinery equipment purchases to get full benefit from depreciation and capital gains provisions.
  - Make certain that capital gains items are not reported on Schedule F.
  - Avoid wide variation in taxable income by proper timing of sales and purchases.
  - Maintain records on all transactions--** the burden of proof is on the taxpayer if your tax report is questioned.
  - Know your privileges for Social Security benefits under self-employment provisions.
- Can you improve your management by following important details more closely?
  - Keep accurate records of expenses, receipts and production.** Check on production levels, costs and returns.
  - Fit livestock operation to market pattern-- breed for early calves to sell at peak season; breed sows so that pigs will reach market when prices are favorable.
  - Produce and market on quality basis.
  - Be timely in **all operations.** Plant crops, control weeds and insects, and harvest at right time. Be timely with livestock practices. Example: Wean, castrate and vaccinate calves and pigs at right times; make gradual changes in rations so gains will not be interrupted.
  - If you cannot get discount for cash, consider carrying purchases on open account rather than borrowing and paying interest on money.
  - Consider enterprise shifts carefully in line with land, labor and management resources available.
  - Think through **expenditure reductions** before making them. When some expenses are reduced, they will decrease income more than the amount saved.

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