



## A Farmer's Responsibilities to His Business

Peter Callan ([peter.callan@vt.edu](mailto:peter.callan@vt.edu)), Extension Agent, Farm Business Management, Northern District

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Who is the most valuable person on your farm? Herdsman? Milker? Tractor driver? Many owners forget that they are the most important person on their farm. Why do many dairy farmers immediately call their veterinarian when an animal is sick? Yet many farmers postpone visiting the family doctor when they are sick because “they are too busy and it will get better in a couple of days.” How many times does delaying visiting the family doctor result in the owner visiting the local hospital emergency room and spending several days in the hospital? How many farmers have an annual checkup with their family doctor? How many illnesses (e.g. diabetes, hyper tension, and skin cancer) can be detected at the annual checkup? Many of these health problems can be treated and monitored by their family physician before they grow into major problems. If the owner cannot manage his business when he is ill, who will manage it for him? The farmers' health and well being is the most important asset on his/her farm.

Many farmers believe “they can do a better job than the hired help.” Many farmers take the attitude that if they work “longer and harder,” they can increase the farm's profits. In times of tight cash flow, many farmers try to reduce labor costs as a means of reducing expenses. What are the costs of working longer hours? How many farmers routinely attend their children's school events, consistently spend time with the family, and annually schedule a family vacation? Who comes first: the cows, the crops, or the family? Farmers need to get away from the business to recharge and rejuvenate. Finally, farmers need adequate rest to work safely. How many farm accidents could have been prevented because the owner was “too tired” and did not pay close attention to the task at hand?

Farm owners need time to manage their businesses. This management time is especially difficult because many farmers maximized labor efficiency on their farms years ago. Producers

and employees are working at maximum capacity. Where does the farmer find the time to manage the business when the owner and employees have little free time left after completing the daily tasks? A farmer wears two hats in their business: owner/manager and laborer. Time spent managing the business may be the most profitable time a producer spends on his/her farm. For example, a dairy farmer needs to ask himself/herself an important question: What management decisions improved the farm's bottom line when I spend the time analyzing my records and make decisions based on facts rather than my "gut feelings"?

Producers need time to analyze financial data, production data, herd health, and cropping records. What are the farm's profit centers? What is the primary enterprise and are there alternative enterprises that drain profits and resources – dairy steers, beef cattle, or crops? What are the three and five year profitability trends for the farm's enterprises? What are the strengths, weaknesses, and areas of improvement on the farm? Can the land, labor, and capital devoted to an enterprise generate higher returns elsewhere in the business?

Farming is a dynamic business. If farmers do not take time to monitor trends on their farms, who will manage their business? The old adage "on the plains of hesitation bleach the bones of countless millions" reflects to the management style of many producers. When producers elect not to make decisions regarding the management of the farms, they are making a decision to maintain the status quo on their farms. If producers do not spend time managing their businesses and develop strategies to maximize profits on their farms in a rapidly changing business environment, their businesses may not survive in the long run.