

# November Specials!

<b>Modesto</b> 624 E. Service Rd. Modesto, CA 95358 (209) 538-7070	<b>Merced</b> 674 Hwy 59 Merced, CA 95341 (209) 723-0704	<b>Susanville</b> 702-100 Johnstonville Rd. Susanville, CA 96130 (530) 257-5176	<b>Yerington</b> 15 N. Hwy 95A Yerington, NV 89447 (775) 463-5577
---	---	--	--

## Small Business Saturday Specials!

Kick off the holiday season by purchasing local. What better way to buy local, than to support your company the farmer owned Co-op = Farm Supply.

**Stop by Saturday November 26<sup>th</sup> for a Free Hat with \$25 purchase & special in store discounts!**

www.farmsupply.coop



www.likefarmsupply.com



**Behlen COUNTRY** 5 Rail Galvanized Gate

**10% Off**



**While Supplies Last!**

**Dog Kennel**

Special Buy!



**\$425**

Reg: \$499.97



Galvanized with welded mesh for long life. 5'x10'x6'

#21264054

**Show Cattle Feed**

**\$1 Off**

Start your project off right, with the best show cattle feeds!



Calf Grower #98231  
Calf Finisher #98232



Start/Grow #92253

Just in Time

For Winter!

**Black PVC Boots**



**\$15**

Keep your feet dry this winter, everyone needs Rubber Boots.

#31151 & #18822 EXP: 11/30/16

**Boot Scraper**



#6868680

**\$19.99** Reg: \$23.95

You won't track dirt into your house with this boot scraper.

**Rain & Hay Tarps**

**Tarps for all your needs!**

- Utility tarps in all sizes
- Plus heavy duty hay tarps
- Assortment & sizes vary by store.



Starting at: **\$3.99**

# 5 Tips for Better Farm Financial Management



By: Curt Covington - Senior Vice President of Agricultural Finance at Farmer Mac.

From 2011 to 2014, total U.S. farm income averaged \$105 billion per year. In 2015 we saw a nearly 50% drop to \$56 billion with most economists predicting no improvement by the end of 2016. How can you manage your business in this kind of environment? Here are five effective behaviors I have observed during my 30-year ag-lending career – behaviors that have special significance now in the face of a challenging farm economy.

## 1. Make the little things the big things.

A farmer's revenue has always been determined by the marketplace. In both good and challenging times, farmers need to stay focused on "tightening the belt." Every dollar saved in expenses is a dollar that directly benefits the bottom line. While expense control is time consuming and tedious, people who spend the time will see the benefit. It's absolutely crucial to manage expenses. Living expenses, equipment and machinery purchases, spending habits, areas where can you cut back, investments that aren't the best ideas today: These can be the differences between breaking even, losing money or eking out a profit in tough times.

## 2. Push the pencil.

Invest time in your personal and business finances and become friends with your financial statements. If you don't have an enterprise accounting system, think about getting one. It is money well spent. You can't set a roadmap for success if you haven't developed and maintained good financial accounting records.

## 3. Establish quality working capital.

Lenders like borrowers to have appropriate levels of working capital and while lenders may differ in what that amount should be, the fear is (and in many cases the fact is) farmers have burned through their working capital reserves because of losses in the grain and other distressed sectors of agriculture. By the way, it's not just the amount of working capital that lenders care about, it's also the quality. Cash is better than receivables, and receivables are better than inventory, especially if the inventory is subject to market volatility. Quality working capital really comes down to knowing what that inventory is worth. How will you market that inventory? What price? If you plan to hold it, how will you overcome the carrying costs? Have you forward contracted or hedged so there's a known profit or even loss in your inventory? In the end, remember, quality working capital is the first defense against commodity price volatility, and your lender knows it.

## 4. Land equity does not pay the bills. Period.

As commodity prices go, so go land values. We are already seeing land prices down 3% to 6% over the past six months in some areas of the Corn Belt. If interest rates rise, the impact on declining land values will be compounded. Relying on land equity to be your "saving" source of liquidity is a bad, bad business model. Focus on generating cash and reduce debt. Bankers lend you cash to run your business. It's fair to say they want to get paid back with cash, not your real estate.

## 5. Don't get paralyzed.

We are at the beginning of a downturn in certain sectors of agriculture. Some farmers are already finding themselves having difficult conversations with their lenders. Running a family business can be the most emotional thing in the world, and farmers might wish for someone else to make the tough decisions. Often, it's not about making right or wrong decisions, but simply about *making* decisions. The people who struggle the most are those who get paralyzed in the process.

Try not to make difficult decisions in a vacuum. Make sure all family members involved in the business are aware and engaged in the financial matters of the business. You might want to consider inviting one or two outside trusted advisors into the decision making circle. Ultimately, you have to make these decisions on your own, but it's better to make an informed decision and not look back than not to make any decision at all.

***In these challenging times working with a trusted advisor to your operation, like Stanislaus Farm Supply, can give you the tools you need to succeed. Farm Supply is grower owned so your financial well-being, has and always will be our #1 priority. We do this with the best products, service and advice in the industry. Call us today!***