Habits of Financially Resilient Farms - continued

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ISA Profitability Study
Follow-up survey with producers

- Face to face survey containing 56 questions with 9 producers in central and east central Illinois
- Most questions relate to the 2016 growing season
- Survey includes questions to get at type of production and managerial practices
- Goal of identifying common practices among the more profitable producers

General areas addressed

- Size (acres) and labor force
- Tillage practices
- Planting practices
- Growing season practices
- Harvesting practices
- Managerial practices
- Attitudinal
### Size and Labor

- 5 farms – 1,000 – 2,499 acres
- 3 farms – 2,500 – 5,000 acres
- 1 farm over 5,000 acres

- 2 farms basically one full time equivalent for labor
- 3 farms 1 to 2 FTEs
- 3 farms 2 to 4 FTEs
- 1 farm 4 or more FTEs

### Fall Tillage Practices

- Type of fall tillage for land going into soybeans
  - 4 – conventional (less than 30% residue cover)
  - 1 – reduced tillage (at least 30% residue cover)
  - 2 – no tillage
  - 2 – combination (conventional/reduced) and (reduced and no till)

- Type of fall tillage for land going into corn
  - 4 – no tillage
  - 1 – conventional tillage
  - 1 – strip tillage
  - 3 – combination of mainly conventional and reduced tillage
Spring Tillage Practices

- Type of spring tillage for land going into soybeans
  - 4 – conventional (less than 30% residue cover)
  - 2 – no tillage
  - 1 – strip tillage
  - 2 – combination (conventional/reduced) and (reduced and no till)

- Type of spring tillage for land going into corn
  - 6 – conventional tillage
  - 1 – strip tillage
  - 1 – no tillage
  - 1 – combination of no tillage and reduced tillage

Planting Practices

- All farms were in a soybeans following corn in a corn/soybean rotation
- Main reasons given for this were for disease and pest control, risk reduction and most profitable option
- Goal for wanting to start soybean planting – 4 before corn planting is finished and 5 after corn planting
- Most would want to start planting soybeans by mid to late April
- Row spacing: 3 in 30”, 1 in 20”, 5 in 15” to 18”
- 3 have separate planter for soybeans
Planting Practices - continued

• Only one utilized variable rate seeding technology
• Typical seeding rate from 120K to 150K per acre, most were 130K to 140K per acre
• 8 have decreased rate in last 5 years
• 8 used seed treatments on all acres, one on a majority of acres. All have been doing so for at least 5 years
• Main reasons for use of seed treatments include better emergence and planting earlier

Planting Practices - continued

• Ranking of reasons for selection of soybean varieties, 1 to 7 with one being most important
  – 1.6 – yield potential
  – 2.8 – herbicide resistant traits
  – 3.1 – disease resistance
  – 3.6 – seed dealer’s recommendation
  – 4.0 – nematode resistance
  – 5.5 – price of seed
  – One producer ranked company with elite genetics as his most important reason
Planting Practices - continued

- All planted at least a majority of Group 3 maturity, 4 planted some Group 2 and 4 planted some Group 4
- 4 producers planted some or all seed beans, 2 planted some or all Non-GMO beans
- For 2017, 8 planted some or all Roundup Ready 2 Xtend
- All did a pre-emergence and post-emergence weed control with 4 doing burn down in spring before soybean planting and 2 doing fall residual before soybeans on some acres
- 4 applied a separate fertilizer application prior to soybean planting

Growing Season Practices

- 6 producers routinely scouted fields themselves
- 6 completely or partially applied fungicide and 5 included an insecticide with the application
- Reasons given for fungicide application include yield gain, disease and insect control, normal practice and improve quality of seed beans to increase premiums
- All did grid soil sampling, 8 did used VRT for fertilizer or lime application
### Harvesting Practices

- Harvesting soybeans was dependent on weather and crop conditions, 2 harvested all soybeans after corn was finished
- 3 stopped harvesting when moisture level was too low – 9% to 10%
- 8 used a draper head
- 61% of soybeans commercially stored and 81% of corn commercially stored

### Managerial Practices

- 2 producers had planted soybeans after soybeans
- For those that didn’t, the reasons they might include changing rotations, reconfiguring a field, late spring or economics
- Forward pricing and the cash market were the most common forms of marketing, about 1/3 utilized hedging and options at some time
- Those with seed bean contracts were able to sell percentages of their crop
Managerial Practices - continued

- Number of producers that listed the following as their primary source of agronomic information.
  - 9 – Seed and chemical representatives
  - 8 – University specialists and Extension
  - 5 – Other farmers, neighbors and friends
  - 4 – Local businesses and retailers
  - 4 – Industry information
  - 2 – Independent crop consultants
  - 1 – Farm organizations

Managerial Practices - continued

- Comparison shopping for fertilizer and pesticides
  - 4 yes, 2 no and 3 sometimes
- In last 5 years, how many different sources have you purchased fertilizer and pesticides from
  - 3 used 1 supplier, 5 used 2 and 1 used 3

- Comparison shopping for seed
  - 4 yes, 3 no and 2 sometimes
- In last 5 years, how many different sources have you purchased seed from
  - 3 used 2 suppliers, 2 used 3, 1 used 4 and 3 used 5
Attitudinal

- 8 strove for the most profitable yields levels as compared to the highest yield levels
- In terms of risk management strategies, all took out crop insurance coverage at 75% or greater, 5 took out hail insurance, 4 subscribed to a marketing service.
- 8 of the 9 felt their machinery compliment was sized correctly
- 6 of the 9 divided their management functions among various family members, 2 were the only operator and handled all the management functions

Attitudinal - continued

- Rank the following factors as how you feel they are important to the profitability of your business, 1 being the most important:
  - 3.2 – Attention to detail
  - 3.6 – Operating cost management
  - 3.9 – Maximize yields
  - 4.3 – Disciplined spending
  - 4.4 – Marketing
  - 4.6 – Machinery cost management
  - 4.6 – Land control and rent strategies
  - 5.2 – Financial planning
  - 5.9 – Overhead cost management
  - 6.8 – Implementing new technologies
Take Aways

- Generally typical production practices regarding tillage and rotation but 6 of the 9 were less than 30 inch row spacing, 6 had a split row planter
- Create additional value, 6 of the 9 raised seed beans or Non-GMO beans which created additional revenue
- Movement toward earlier planting of soybeans, 4 started planting soybeans before corn planting was finished
- Seeding rates reduced, all using some type of seed treatments

Take Aways - continued

- Seed selection mainly based on yield potential, herbicide use and disease resistance as compared to cost of seed
- Used typical marketing and risk management strategies
- Used newer technologies and production practices (seed treatments, draper heads, narrower rows, fungicides) but not on bleeding edge
- Attention to detail and cost control very important to financial success
Thanks