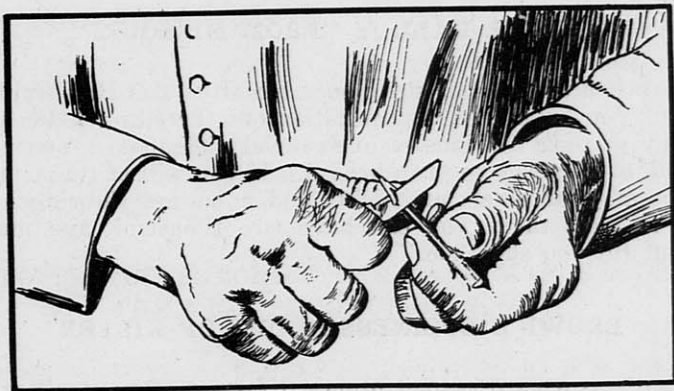


WISCONSIN BANKERS' FARM BULLETIN

Farm Accounts Why and How One Man Kept Them



A SHARP PENCIL GOES WITH A SHARP MIND

Farming is the world's most important and largest business. The farmer who keeps accounts and records of his business knows where he stands without any guesswork. Records reduce the chances for loss to the lowest. Records pay any farmer.

File this bulletin where you can find

Distributed by

Wisconsin Bankers' Association

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How and Why One Man Kept Accounts

Farmer Brown was "up against it". There were no two ways about it; he had to have some money, so he hit the old trail to Banker Hall's desk behind the rail at the Bank. "You here again," asked Hall. "Yes, I have a few bills to pay and need about two thousand dollars to meet them. When the checks come in after the first of the month I'll be all right again and come in to see you."

BANKER HALL IS "FROM MISSOURI"

Brown had put up this story once too often and Hall frankly told him so. "You have a good proposition out there and I don't understand why you are continually in financial difficulties. You ought to get ahead, but instead you run behind. If you will bring me an exact statement of your assets and debts and a budget showing how you propose to meet them, you can have two thousand, and more, but not a cent till you show me."

BROWN'S BUSINESS IS OUT OF KILTER

Brown was a hard-headed practical farmer of no small executive ability and of wide experience. He owned a small farm and produced retail market milk from a hundred milch cows. He figured on raising about all the roughage needed for his stock and bought the feed; instead of raising his cows, he bought fresh cows from his neighbors as needed for his trade. His was rather an expensive plan but his milk was of the highest quality and used mostly for baby feeding in the big city in which he sold, and it commanded whatever price he thought he ought to get.

Still his business was sick; it was like a strong man laid up with the grip—wretched enough at the time but with the best of prospects of speedy recovery under proper treatment.

As first aid treatment he got an extension of time from his creditors for which, of course, he paid handsomely. Then he went to his Agricultural College for help. In order to get a basis for recommendations the college men asked him many questions about his cows, feeding, labor, expenses, income, market, which he could not answer except in a most general way. The college men on the other hand could give only the most general suggestions concerning his problems and he was disgusted because they could not. But before he left them he was convinced that the most important thing for him to do was to get some

definite facts about his business as it was running as a basis for making changes in his operations. And he took along home with him a young accountant with some farm experience.

Brown dies hard on the bookkeeping proposition. He had the common idea that a farmer didn't need to keep books. He had never kept any records except a few memoranda and his check book stubs and he didn't propose to let anyone waste his good time and money "keeping books". But finally a young man who was earning his way through the state agricultural college, was secured to start the new system. The result was a compromise at first, with a complete vindication of the record idea later.

A REGULAR AND COMPLETE INVENTORY IS THE FIRST STEP, IT PAYS WONDERFULLY

The first thing done was the preparation of a detailed inventory of property, according to classes, with all the unpaid bills sorted, verified and arranged in order of due date, with a fine tooth combing of the file of customer's accounts. This resulted in a statement which loosened Banker Hall's hold on sufficient bank funds to meet the maturing bills, while closer collections of customer's accounts furnished more than enough for current expenses. Creditors, becoming convinced that prompt payment when due was assumed, made better prices and better terms, which effected a cut in expenses.

NEXT TO THE INVENTORIES THE DAIRYMAN NEEDS MOST THE MILK PRODUCTION SCORE

The second thing done was the installation of milk scales, and weighing each milking. A dozen cows were sold at once; they were easy milkers and had been kept in the string by shirking milkers long after they had ceased to pay for the milking; their stanchions were left empty till four new cows could be found.

FEED CAN BE WASTED EVEN IF THE COWS CLEAN UP THEIR MANGERS

At the same time the feeds purchased were listed by kind and amount and the amount and character of the feed actually fed compared with milk production. Reference to Henry & Morrison's "Feeds and Feeding"—"tommy rot" to Farmer Brown and his barn men—showed that not only were the cows fed an uneconomical amount but a much too heavy ration. The new record keeper issued orders to feed one pound of grain to three of milk and changed the ration. He was laughed at and finally had to do the feeding himself, but except for a few days while the cows were getting used to the new feed, production was increased and cost of feed materially decreased. A further large saving was effected in the better health of the cows; forced sales of cows on account of udder troubles stopped at once.

LITTLE DAILY LEAKS MADE LARGE ANNUAL LOSSES

The attention was turned to the milk house where the milk was bottled. The weight of milk going over the cooler was compared with the number of quarts placed in the refrigerator. It was established that 30 to 40 quarts a day were lost down the drain because of an old and leaky bottling machine. This waste of \$3 to \$4 a day was cut out by investment in a new and efficient bottling machine. Another small saving was effected by paying a little more for more accurately calibrated delivery bottles.

SALES ARE THE OBJECTIVE POINT. BOOST THEM

Then the matter of delivery was attacked and a sales campaign begun, to dispose of the increased output which could be economically produced; thus cutting overhead expense per unit of sales, thereby increasing profits.

DON'T GET DISCOURAGED AND QUIT! CARRY ON!

All these "new fangled ideas" caused some friction among the employees, but when they quit a premium was offered to a better class of help and a net saving in payroll effected.

So farmer Brown's business was put on a paying basis by means of a few pertinent records. No formal bookkeeping had been done during the reorganization period. But Farmer Brown was convinced, and preparation was made for developing the office end of the work. A set of accounts adapted to his needs were started, a routine clerk taught to do the work and the accountant released to new work.

The Department of Agricultural Economics of the College of Agriculture, Madison, has worked out a new farm record book, or bound set of forms, which will enable any farmer to attack his own problems as Farmer Brown did his, with a small amount of labor and a great deal of benefit. The Department will co-operate with such farmers as are seriously interested in accounts adapted to their farm business.

KEEP SCORE!

Half the fun in the Great American Game lies in keeping the box score at the game and watching the averages and standings of the clubs in the daily papers.

Keep score on your farm business. You will find it interesting. Which cow gives the most milk a day: Does Ann hold out for a good average for the season? Better than Jane, who started out poorly? How many months did you beat the price of milk?

Play the game right! Keep score!