

Count Your Pennies

A spending analysis should play a role as you plan for the upcoming year

With the potential for lower commodity prices in the forecast, now is the time to begin thinking of ideas and methods that can be implemented to give you a higher return on investment for the upcoming year's operations.

Controlling fertilizer input cost is one factor that can be analyzed and adjusted to decrease overall costs. Though fertilizer costs have declined from 2013 leading into the 2014 production year, overall fertilizer costs have increased substantially from 2006 through 2013, according to the University of Illinois.¹ This means that it may be worth assessing your application rates. Don't let this year's decrease in price breed complacency. [Soil testing](#), a topic covered in many past issues of the *Leading Edge*, continues to prove its value as a foundation for making application rate decisions.

Other factors that are crucial to evaluate are fuel and machinery costs, especially because the trend in modern agriculture is less manpower and more horsepower in the fields. Switching to a minimal tillage option such as vertical tillage, strip tillage, or no-till can lower fuel costs—each of these methods involves decreasing the number of passes you make across the field. A recent article in *Missouri Farmer Today*, "Declining cash flow alters machinery decisions," suggests performing "only necessary tillage" to decrease power costs.²

When evaluating machinery, it's wise to consider both ownership and operating costs. An article in *Farm Catalog* called "Calculating Cost-Per-Acre When Making Equipment Buying Decisions" sites the below factors in these categories, but you may think of more for your specific purchases.

Ownership costs

- Depreciation
- Interest
- Property taxes
- Insurance
- Housing
- Leasing cost

Operating costs

- Repairs/maintenance
- Fuel
- Lubrication
- Labor



Save money by applying only the fertilizer you need. Soil sampling can give you valuable insights for your fertilizer application rates.



As farm implements continue to get larger, more horsepower and fuel is required to get the job done.



Strip till allows you to save time, fuel, and fertilizer by minimizing the passes you make across the field.

costly repairs that may be caused by not maintaining it. Learn all about working on your planter in last month's *Leading Edge* "[Give Your Planter a Tune-Up](#)."

While there are many other cost-saving options to consider, fuel, fertilizer, and machinery are three of the biggest. Starting your spending analysis in these areas and making efficient adjustments is likely to be worth your while over the years to come.

Endnotes

- 1 "Controlling Fertilizer Costs with Lower Crop Revenues," January 28, 2014, <http://www.no-tillfarmer.com/pages/News---Controlling-Fertilizer-Costs-With-Lower-Crop-Revenues.php>
- 2 Selman, A., "Declining cash flow alters machinery decisions." *Missouri Farmer Today*, January 25, 2014.
- 3 Langemeier, M., "Calculating Cost-Per-Acre When Making Equipment Buying Decisions," *Farm Catalog*, 54-66, January 2014.

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