

predicted with a high degree of certainty. Also, your risk exposure can be reduced by giving the custom operator a share of the crop in lieu of a fixed cash payment.

3) Pork producers often say that field work gives them a break from the monotony of working with hogs all of the time. However, to rectify this, you can arrange to work part-time for the custom operator on your own farm. You may find that the custom operator's machinery is more fun to operate than your own.

4) If you rent land, your landlord may object. He/she may say, "If the custom operator is going to farm the land, maybe I should rent it to him."

5) Possibly the biggest disadvantage is how you may be viewed by your neighbors. Swine producers who have used this strategy tell me that their neighbors don't consider them to be a "real" farmer anymore because they aren't out in the field driving their tractor around.

Partial strategy

You may follow a partial strategy by selling "big ticket" items like a combine and large tractor, but continue to do the time-sensitive operations like planting, spraying, and cultivating. This allows you to substantially reduce your capital and labor investment while maintaining control over the critical parts of the crop operation.

Decision criterion

The objective is to increase the overall income from the farm while maintaining the risk management features of diversification. The income from the hog operation should increase because of the increased investments of capital, labor, and management. Also, due to the reasons cited above, the decline in crop income may be small. In fact, crop income may not drop at all, or actually increase. The key is to find the right custom operator. However, with the pressure on grain farmers to expand their land base, your chances should be good.

Only careful year-end analysis of the performance of the whole farm and individual enterprises will determine if you are successful. So you may want to implement this strategy on a "trial" basis. The first year you may hire a custom operator to do only a portion of the operations. The second year you may hire all of the operations done. Also, you may wait to sell your crop machinery until you are sure that the arrangement will work.

Summary

This is one method of specializing your management skills while continuing to diversify your income sources. Although other methods may fit your situation better, specializing while diversifying is an option you may want to consider.

... and justice for all

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