



# **The farmer and his lead pencil. Bulletin no. 39 December 1923**

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# The Banker-Farmer

WISCONSIN  
BANKERS'  
ASSOCIATION

## News Bulletin

A Little Journal of Agricultural  
Information for the Farmer

BANKER-  
FARMER  
EXCHANGE

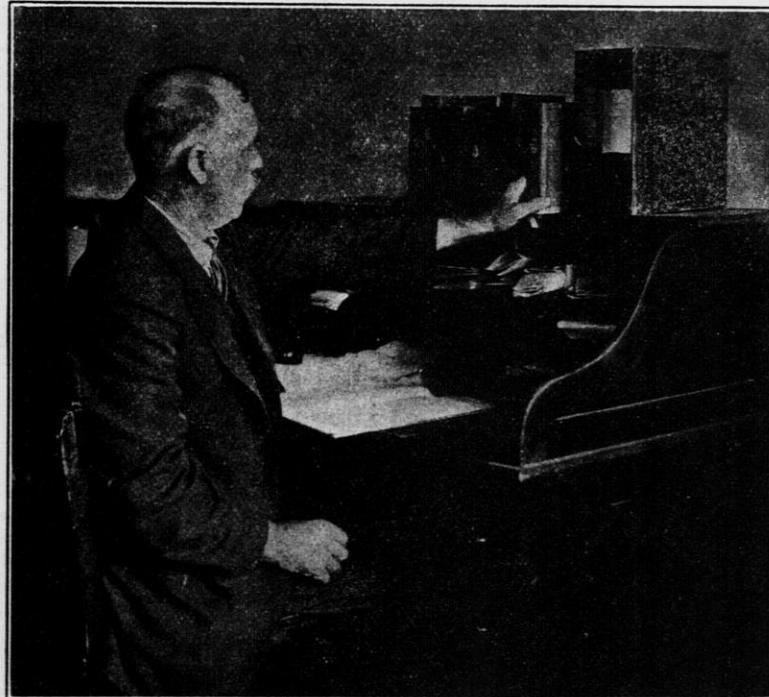
BULLETIN No. 39

DECEMBER, 1923

### THE FARMER AND HIS LEAD PENCIL

BY R. V. GUNN

Director Banker-Farmer Exchange



A BUSINESS FARMER

Compliments of

College of Agriculture, University of Wisconsin  
MADISON, WIS.

# THE FARMER AND HIS LEAD PENCIL

By R. V. GUNN,

Director Banker-Farmer Exchange

Have you ever thought of an ordinary lead pencil as a farm implement? It isn't so absurd as you might think. Even if it is only a stubby, worn down little pencil, you may find it mighty useful in keeping a record of money paid out, money coming in, and several other transactions that are a part of operating a farm. The little old lead pencil can help the farmer to keep a complete history of the business side of his farm operations, and many farmers are beginning to discover that the information contained in a record of this kind is measured in dollars and cents—and more of them on the profit side.

## Farmer a Business Man

Farmers are, or should be, business men. But can you imagine a city business man—a merchant for instance—who would let his store go along with the same old equipment that he bought for it about 15 years ago? The successful merchant keeps every department of his store bright and new looking, with some of the newest tricks for displaying his goods, new little machines for measuring yard goods, and other little time saving devices. And most merchants now-a-days have delivery trucks, and many other kinds of equipment that make for efficiency. And do they do all these things just for the looks of it? Of course not. Most hard-headed business men don't care a rap for appearances, except, from a business standpoint. They do these things because they have kept records of the various departments of their business which would show that an improvement in one department made that department more profitable right away, while perhaps an improvement made in another department was too expensive for the business that department did. And so, by learning by experience that is all down in black and white, the city business man can be successful. The same thing is true of the farmer. The farm is a multitude of business units, like any big department store, and it should be managed just as carefully, and with just as much attention to the financial records as a big business or any other kind.

## Necessary Records Not Complicated

Most farmers know this. We aren't telling them anything when we say they ought to keep farm records. But most of them don't do it. Why? Because they feel that it takes too much time. "Why, I could run another farm in the time that it would take me to keep books for this farm," insisted one farmer. And most of them believe it is too hard a job to tackle along with the other work of farming. So it is evident that farm "bookkeeping" should not be real "bookkeeping." It should be simple above everything else, and need include no frills.

## Better Chance for Loan

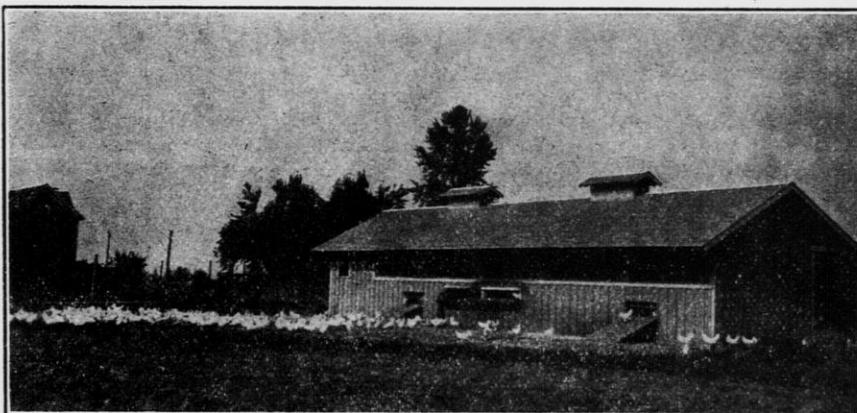
A farmer needs, most of all, a statement of his inventory values, and a memorandum of his expenses and receipts. When a farmer steps into his bank to borrow some money, the first thing the banker asks for is a financial statement. Here is where the inventory records are needed. They serve as a basis for credit. The man who can accurately present a systematic statement of what he owns, how much he owns, and what it is worth, has made his first favorable impression on the banker. In addition to his net worth, if a man can show from his record of receipts and expenses how much he made from his farm during the year just past, which reflects on his own business ability, he makes a second favorable impression on his banker. It must be remembered that banks loan money on a man's character and his business ability, as well as upon financial backing.

## Records Aid Intelligent Marketing

Orderly and intelligent marketing is of outstanding importance. How much more intelligently farmers could go at this problem if they knew how

much their product cost them and, hence, how much they must receive for it in order to break even. Cost records will help them here.

The farmer's labor income, as revealed by his yearly financial and inventory summary, serves as a milestone for his year's progress. A comparison



Farm records proved that these chickens could and did earn 76 cents an hour for their owners. year by year, stimulates interest and makes it possible to profit by mistakes. Record keeping and what it reveals can be made a real game.

#### Simplify Income Tax Reports

And the farmer wants to pay an income tax. Certainly he does—if he can get the income that will justify paying it. If he does not get this income, he should study out the reasons for the lack of business success. When it comes to filling out the income tax blanks, why should the farmer have such a horror of the job? Why should the banker spend hour after hour, helping the farmer, or why should the farmer employ a lawyer to figure out his returns? This trouble and worry could be materially lessened and the income tax report made out in comparatively short time if farm accounts were kept.

#### Essentials of Good Farming

Last, but not least, is the necessity of knowing where we stand. No business which has nearly as much capital invested as an ordinary farm has, expects to prosper without a definite knowledge of what is happening to it financially. A farmer must know where his profits come from, what phase of the farm business does not pay, and where changes must be made to make them pay. Record keeping is an essential part of good farm management.

The Wisconsin Bankers' Association and the Wisconsin College of Agriculture are working hand in hand to promote better business methods and more profitable farming. See your banker or your county agent about securing a farmer's account book. Now is the time to get your new book, enter your initial inventory, and be ready to study your 1924 farm business in an orderly manner.

And dig up a couple of good sharp lead pencils.

Farm account books can be secured from your county agent, from your local banker, or by writing directly to the Banker-Farmer Exchange of the Wisconsin Bankers' Association, at 520 First National Bank Building, Madison, Wisconsin.

## A Prophecy for Farmers

What the farmer's lot will be in 1924, is told by H. L. Russell, dean of the Wisconsin College of Agriculture, in an article which he is writing for the January issue of the Banker-Farmer News Bulletin. Dean Russell's article, which is entitled, "The Agricultural Outlook for 1924," uses statistics and economics to back up his beliefs concerning the future of the farmer. Farmers will want to read this because it contains some plain facts that connect up closely with their business.

## He Finances Farmers

The Banker-Farmer Exchange recently sold two carloads of Holstein cows to Dr. H. M. Waldren of Drayton, N. D., who brings cows into his home community, sells them to the farmers, and has them pay him out of the cream checks. Several other instances of this kind of financing has come to the attention of the Exchange. It is being done in Ohio and Iowa as well as in some of the more western states.

## Come to See Us

Wisconsin farmers who may come to Madison on business, or for any other reason, or who happen to be in this vicinity are invited to visit the Banker-Farmer Exchange office. We are in a brand new office and we would like you all to see it, and we want to get acquainted with you.

## Looking Ahead

Some of the leaders in Wisconsin activities have agreed to write articles for this bulletin during the coming year and here is our tentative line-up of topics for the next eight months:

January, The Agricultural Outlook, by Dean H. L. Russell, Wisconsin College of Agriculture.

February, Purebred Seeds and a Balanced Crop Program, by L. F. Gruber, Wisconsin College of Agriculture.

March, The Wisconsin Roads Idea, by A. R. Hirst, State Highway Commission.

April, The Farmer's Tax Problem, by Thomas E. Lyons, State Tax Commission.

May, Profitable Marketing for the Farmer, by L. G. Foster, Wisconsin Department of Markets.

June, The Value of County Fairs, by A. W. Hopkins, Wisconsin College of Agriculture.

July, Raising the Dairy Calf, by G. C. Humphrey, Wisconsin College of Agriculture.

August, Wisconsin's Attitude Toward the Sale of Dairy Cattle, by J. D. Jones, Jr., State Department of Agriculture.