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THERE'S NO PLACE LIKE HOME

Corporate skills take root on the farm

BY JEANNE BERNICK

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Most days, Dave Nelson loves the slower speed of life as a corn and soybean producer near Fort Dodge, Iowa. After a decade in fast-paced sales, Nelson appreciates that when his Blackberry buzzes, it's not a boss needing an immediate answer.

There are days, though, when Nelson wants to jump out of his skin—when the hours in the tractor are so long and quiet he can barely stand it. “I can tell when he’s on the edge because he gets on the radio and starts yammering,” says his father, Gary.

A hard-driving, type-A personality, Nelson says coming home to farm with his father has readjusted his gears. He’s slowed down some, is spending more time with family and is fulfilling a lifelong dream.

With a creative business strategy, Nelson not only came home to farm in a competitive local land market, he’s implemented corporate business skills to double acreage and boost profitability per acre.

Taking the Leap. In 10th grade, Nelson joked about dropping out to farm his family’s fourth-generation crop operation. His parents calmly declined. When he graduated high school, they again refused the opportunity, being practical in the knowledge that the size of the operation simply couldn’t support him at that time.

“That was a blessing because it forced me to go to college and get a job off the farm,” Nelson says. With a degree in agronomy, he is the first in the family to graduate from college.

Despite becoming a top salesman for Ziegler Cat and Monsanto Company in Iowa and Minnesota, Nelson couldn’t shake the longing to farm. “In secret, I would work on business plans and a strategy to get us back to the farm,” he says.

In 2006, Nelson got serious about returning home to Iowa. By now he and his wife, Fonda, had started a

> Fulfilling a lifelong dream, Dave Nelson returned home to farm with his father, Gary. His desire to expand the operation is enhanced by his father’s experience.

PHOTO: JEANNE BERNICK

family. Fonda grew up on a farm and missed the lifestyle, and both wanted that experience for their children.

Nelson's parents' farm consisted of about 1,000 acres, which he knew could not support two families. Land values at the time averaged \$5,000 an acre, making it cost-prohibitive to buy land with limited working capital or equity.

His parents were supportive in the decision, as they felt the time was right to grow the operation. They exchanged equipment use for labor, but they could not finance additional acres for Nelson to farm on his own.

Nelson talked to more than 15 farm managers in the area and many potentially retiring farmers about the possibility of renting land. The young couple came up with a detailed business plan and developed a brochure that explained their business experience, their passion for farming and the family's farming operation (see sidebar).

"The brochure is something people can see and read about us. It's something a farm manager can file away, and it makes an impressive first impression," Nelson says. The first piece of ground the couple rented in 2007 was a direct result of the brochure, he adds.

Search for Working Capital. While Nelson worked on establishing relationships near his home farm, he struggled with how to finance the land once it came available. About that time, a headhunter called and told him that a local fertilizer equipment dealership was looking for a sales manager. "I thought to myself, 'What are the odds that this will work out?'" Nelson says.

Indeed, it did. Using their savings, Nelson and his wife, along with his parents, purchased Brokaw Supply Company in Fort Dodge. They formed an LLC and became 50/50 partners. Purchasing the business gave Nelson the diversity to balance risk and provided an income source to fund land expansion.

The purchase fueled Nelson's need for that "busy craziness" that comes with running a retail business. It also

Advice for Starting Out

It's not by chance that Dave Nelson has successfully made the transition from corporate businessman to beginning farmer. He spent a lot of time thinking about how to make the transition before he ever planted his first acre in 2007.

Here are several tips Nelson offers for making the leap into farming:

1. Seek advice from anyone who will talk to you about being successful in farming.
2. Develop and write a business plan. Continually update and modify it to fit your current situation.
3. Create a brochure for landlords about who you are and what you want to achieve. Share your business plan with them.



4. Speak with farm managers, ag loan officers, university Extension personnel and local ag industry individuals about your desire to farm and seek their help and advice.
5. Diligently follow up on any land opportunity or leads sent your way.
6. Don't give up or be intimidated by the "neighbor down the road." Find out what you have to offer that he doesn't.

> As a beginning farmer, Dave Nelson developed a brochure for potential landowners to get to know him and his family. Now he sends a quarterly newsletter out to his landowners to keep them updated on the operation.

allowed Fonda to exercise her business and banking skills. She now manages the office.

Running Brokaw Supply Company is helping both generations improve their financial knowledge, even on the farming operation, Gary says. "In farming, we can always borrow a large percentage of operating costs, but in the retail business, they only loan a small percentage of operating costs," Gary adds. "That has taught us a lot about managing margins."

Overcoming High Rents. When Nelson first spoke with people about starting out in farming, they discouraged him because he couldn't compete with high cash rents. He says he just views high land values as a reality of farming in Iowa.

"I don't want to show up at a sale with a goal to be the highest cash-rent bid," Nelson says. "I'll be a competitive bid, but I want landlords to see what we bring to the table and choose us on those merits."

Nelson decided he had to over-

come the high rent challenge much like he would overcome a challenge in the corporate business world. So he figured his operating cost per acre and incorporated that into his business plan to see how much he could pay per acre in cash rent. From there, he looked to find the things that he could offer that separated him from "the farmer down the road."

"When I worked for Monsanto, we sold Roundup in a generic market. I was always looking for ways to differentiate our product. Marketing myself and my operation to potential landowners is really no different," he says.

One thing he could offer was the Beginning Farmer Tax Credit, a credit in Iowa that provides the landowner 5% more for cash rent and 15% for share crop in state tax exemptions if they rent to first-time farmers.

Nelson's attention to detail and thorough analysis with his business plan was helpful in the process of building a banking relationship, says Sharon Heun, Nelson's loan officer with Northwest Bank.

Find Your Expected Margin

A new tool from AgWeb is available to help you find your cost of production and figure your margins. Just input the numbers and the new Profit and Cost Calculator from AgWeb will figure your margins for the year. The calculator includes two primary sections to help you get a handle on your finances:

Cost of Production:

Input your costs for all aspects of your crop production and figure your per bushel and per acre costs instantly;

Improvement Potential:

Take your calculated margins and see how much a little improvement in yield, cost management or marketing can improve your overall profit potential.

Profit & Cost
CALCULATOR
Manage Your Margins

BUSINESS MANAGEMENT

> Market Your Skills



> Dave Nelson learned in corporate life to give the customers what they need. Now, he and his father, Gary, use technology to professionalize their farming operation and improve rented ground for landowners.

PHOTO: JEANNE BERNICK

"The Nelsons are very easy to work with, keeping the communication line open as various decisions need to be made within their operation," Heun says.

Nelson and his father have adopted new technologies to improve their cropping operations and farming practices. They use RTK auto-steer and variable-rate fertilizing, planting and herbicide application.

Lately, Nelson has begun using field mapping technology to map rental acres. He then takes the time to show landlords how he is improving yields and managing the land. Recently, Nelson won a national no-till award for his production practices.

Working with Dad. With only 19 years' difference in age, Nelson admits that sometimes it's a challenge to farm with Dad because he runs in a much different gear.

When Nelson first returned to farm, he told his father they needed

radios in all the equipment. "Dad said, 'For 20 years, we've used hand signals, and now it's not good enough?' Now Dad won't live without the radios."

Today, they share labor and machinery: The younger Nelson does the precision planting and strip tillage, and the elder Nelson does the spraying and combining. They share the sidedressing work.

Gary says he's thrilled to have his son home farming with him, but it took some time for the next generation to prove his worth. "I spent my lifetime building up this farm, and I trust Dave, so it's been fun learning how to work together," he says.

Now, he's looking forward to the day that his son takes over the entire family farm.

Nelson's desire to grow the operation and expand is enhanced by his father's experience. With the aid of corporate business knowledge, Nelson is discovering you can go home again. ■