

9 Ways to Cut Input Costs Without Sacrificing Yield



The latest round of high commodity prices has come and gone, part of the endless cycle of farming. Your father might have called that cycle a boom and bust, but you know it's actually boom and survive.

"Based on history, if a down market lasts very long, input costs will adjust," says Farm Journal Field Agronomist Ken Ferrie. "But first, the industry has to work through an expensive inventory of seed, chemicals,

machinery and more. Until input prices adjust to the new reality, you're going to have to make strategic adjustments to stay profitable.

"Compared to 2013, most farmers are looking at \$300 to \$400 per acre lower gross revenues," Ferrie

continues. "You can't make enough cuts in any one area, such as soil fertility, to make that up. Look at all costs to see where you can strategically cut."

Ferrie offers nine tips to help you reduce production costs while maintaining yield. —Darrell Smith



Fine-Tune Pest Management

Pest management falls into three categories: weeds, insects and disease.

"Be cautious about cutting weed control," Ferrie says. "You probably chose your present program to fit your specific weed problems. That includes managing resistant weeds you already have and preventing resistance from developing. But, maybe you can save money by switching from custom application to doing your own spraying."

"With soybeans, you may be able to reduce herbicide applications by narrowing your rows. In 2014, many fields of wide-row soybeans that looked clean most of the season had weed escapes in August because the canopies never closed. If you narrow your soybean rows, keep your plant population down. High soybean populations usually don't pay," he adds.

With insects, ramp up scouting and base treatments on thresholds. "Pencil in costs for insects that may or may not be a problem, but scout for damage rather than spraying preventively," Ferrie advises.

"If you are fighting resistant rootworm, you may be able to switch to a cheaper non-stacked corn variety and apply a soil insecticide," he continues. "On the other hand, if scouting reveals your rootworm-resistant corn is doing a good job of reducing rootworm pressure, you might not need to apply an insecticide."

With disease, use all the tools in your toolbox. "The biggest disease-management tool is hybrid selection," Ferrie says. "Know the diseases present in each field and select resistant varieties. Rotate crops. Avoid blanket preventive fungicide applications without scouting. With low corn prices, it's harder to get a financial return from applying fungicides to a clean field."



Lower Seed Cost

"Early order programs can produce significant savings on seed," Ferrie says. "If you have to generate more volume to qualify for discounts, order your seed from fewer dealers. Some companies offer savings if you purchase seed and herbicide—just make sure the seed/herbicide package fits your weed spectrum."

Make sure you're only paying for seed, Ferrie adds. Ask your dealer how much the seed would cost without the jackets and free trips.



Postpone Machinery Upgrades

"Before you trade, ask yourself if a new machine will improve your bottom line," Ferrie says. "Some equipment, such as individual row planter clutches and variable-rate controllers, might reduce seed expense and increase yield. While an RTK guidance system or new combine might boost efficiency, it might not improve yield. If you can delay a purchase by tackling maintenance issues on current equipment, the new machine will probably be cheaper down the road."



Boost Fertilizer Efficiency

"Applying phosphorus and potassium as starter fertilizer lets you temporarily apply lower amounts without affecting crop growth during the critical early stages," Ferrie says. "Moving nitrogen applications from fall to spring and making multiple applications can reduce the amount of nitrogen required per bushel of corn by 10% to 15%. If you can't sidedress all your acres, use your soil test to find the ones with the highest risk of running out of nitrogen."



Vary Nitrogen Rates

"Variable-rate nitrogen application is more efficient," Ferrie says. "However, you have to invest in a variable-rate controller and a computer program that considers crop needs and timing."

"To implement a variable-rate nitrogen program, you must monitor nitrogen loss from the soil and calculate the soil's supplying power," Ferrie adds. "This requires monitoring the weather, taking soil nitrate tests and testing the soil for mineralizable nitrogen."

"Several computer programs monitor weather and attempt to model soil nitrogen loss and nitrogen-supplying power, but they don't replace boots on the ground. A computer program may warn of nitrogen loss, but it can't predict mineralization. You still have to look for symptoms and pull soil nitrate samples."



Target Fertilizer Applications Based on Soil Test Results

In times of input trimming, Ferrie has developed a fertilizer management approach he calls ARMY: Allocating Resources to Maintain Yield.

"Rather than taking a hatchet to fertilizer expenditures, use a scalpel," Ferrie advises. "Use a soil test to determine where you can cut some fertilizer expense without sacrificing yield."

One way to temporarily scale back fertilizer cost is to reduce broadcast applications where soil test levels are optimum. "You can do this for a couple years without

losing yield," Ferrie says. "Applying less than crop removal rates will lower soil test values. If you lower soil fertility values, your landowner must be on board with your plan."

You might want to establish a dollar amount to spend on nitrogen, phosphorus, potassium and lime, and use a soil test to decide where you can cut back without reducing yield. You can set the dollar amount for one field, and apply less fertilizer in some areas and more in others. Or, you can set the amount for one farm and make adjustments

from field to field. Another option is to set an amount for all the farms owned by one landowner.

Note: In some situations, such as a newly acquired farm with low fertility, it's impossible to reduce fertilizer cost simply by setting a target based on total expenditure. "In this situation, you must scale back your yield goal," Ferrie says.

One way not to allocate fertilizer is to eliminate fertilizer ahead of all your soybeans. "Let your soil test tell you where to make adjustments," Ferrie emphasizes.



Change Your Rotation

You might be able to reduce input cost by adding wheat—or wheat and double-crop soybeans—to your rotation or growing a year of soybeans after soybeans. “But continuous soybeans bring disease challenges,” Ferrie cautions.



Negotiate Lower Rent

“Some cash rent leases adjust themselves when grain prices fall,” Ferrie notes. “If you farm under a more traditional lease arrangement, try negotiating with your landowners. Many of them are businessmen, and they understand issues of revenue flow. If you offered more rent during the period of high prices, you are justified in asking for a reduction in rental rates now.”



Prepare for Future Profit

“If you cut back on fertilizer for a year or two, plan to rebuild soil fertility levels when the financial picture levels out,” Ferrie says. “Your soil test will tell you how much they have changed and how aggressive you must be in building them up.” **FJ**

Not the Time for Drastic Changes

A period of low commodity prices is not the time to make dramatic changes in your production practices and take risks that can cut yields, says Farm Journal Field Agronomist Ken Ferrie.

“Stay with what you know and have been successful with,” Ferrie advises. “Avoid radical changes, such as switching from conventional tillage to no-till or strip-till unless you already have experience. Since you already own your tractor and tillage equipment, the only savings from no-till will be in fuel cost. You will have the additional cost of setting up your planter, and you might need a more expensive herbicide program.”

Although cover crops are beneficial, this might not be the time to take the plunge if you haven't grown them before. “Establishing a cover crop, and terminating it, can cost \$20 to \$70 per acre,” Ferrie says. “This may not be the year to grow your first cover crop unless you're enrolled in a government program that helps with the cost. While covers benefit soil health and the environment, they may not increase yield. If you decide to make switches in production practices, keep the acreage small until you get a handle on cost and management.”