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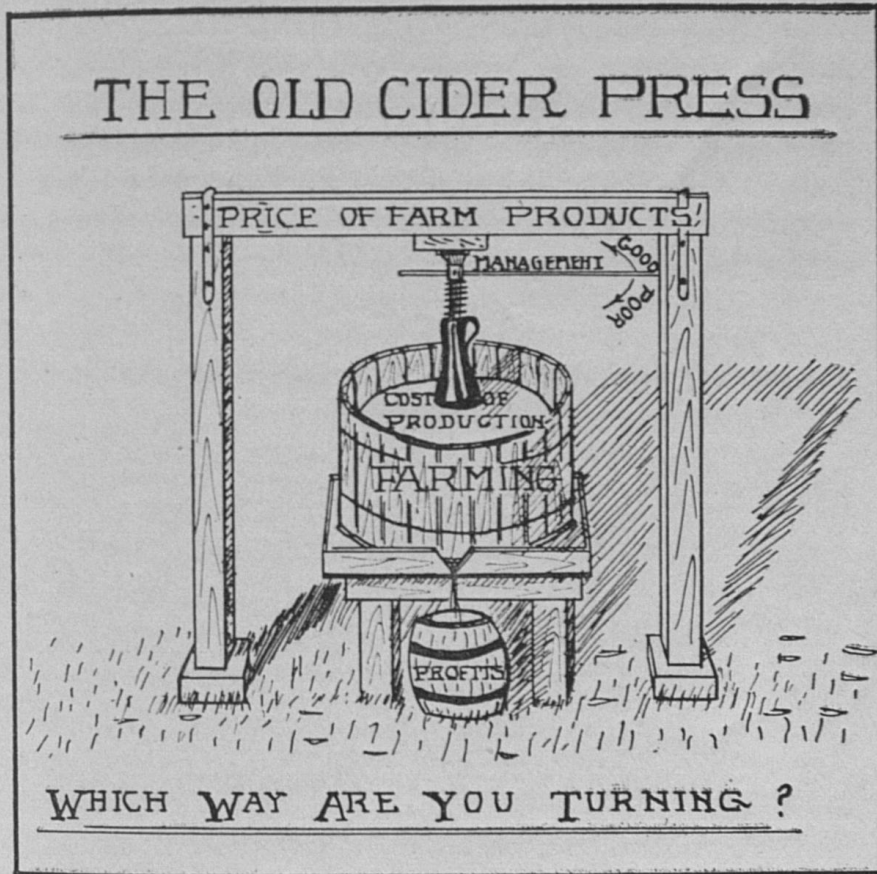
Extension Division

THOMAS P. COOPER, Dean and Director

CIRCULAR NO. 160

Increase Profits by Keeping Down Cost of Production

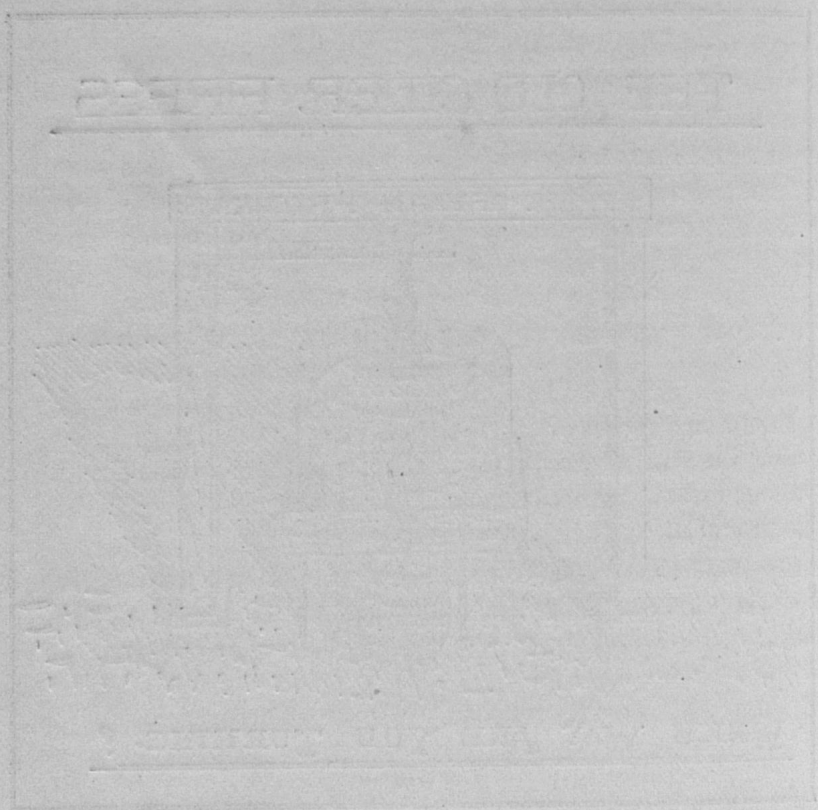
By C. U. JETT



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Increase Profits by Keeping Down Cost of Production

By C. U. JETT

Getting profits from farming may be likened to getting cider from the old cider press. The harder the press is screwed down the more cider is squeezed out. In farming the more the cost of production is screwed down the more profits come from the farm business. Management is the lever which screws down the cost of production and brings the profits from the farm business.

SELLING PRICE MINUS COST OF PRODUCTION EQUALS PROFITS.

Profits are increased by either raising the selling price or lowering the cost of production. The individual farmer has a limited chance of increasing profits by raising the selling price of his products.

The best chance for increasing profits is by lowering the cost of production. This is largely within the control of the farmer.

HOW TO KEEP DOWN THE COST OF PRODUCTION.

The cost of production is lowered by cutting down the cost of man labor, horse labor and all the factors which enter into the cost of production.

Man labor costs may be lowered by employing a diversity of enterprises so that labor may be distributed thruout the year,

by carefully planning ahead and by using labor-saving machinery so that each man can accomplish more work.

Horse labor costs may be lowered by keeping only enough horses to do the work, by planning the work so as to get a greater number of days of work out of each horse, by allowing them to run on pasture when not in the harness, and by using other methods to secure economy in feeding. A few good work horses will do more work and eat no more feed than an equal number of plug horses.

The cost of raising a pound of tobacco may be lowered by growing more pounds on every acre or the same number of pounds on fewer acres. This is true of all other crops.

The cost of producing milk, beef cattle or hogs may be cut down by using good feeding methods and keeping a good quality of live stock. Good pastures also help to keep down the cost of producing live stock and live-stock products.

The cost of producing all products on the farm may be cut down by having a well balanced farm business. That is, the farm should have the combination of crops and live stock that will give the greatest net income.

Marketing, of course, is one of the big problems facing the farmer today, but it should be remembered that no system of marketing is going to help the man who has nothing to sell or insure profits for the man whose cost of production is too high.

During periods of financial depression and "hard times" profits in farming are secured only by producing economically. It is necessary for the farmer to plan for a large volume of sales before he can expect profits. It is also essential that he strive to get the best price possible for his products. He must produce high-quality products and grade them to suit the market demand, and market them in the most economical way.

The farmer who plans to have a large volume of sales, manages to keep down the cost of production, and sells his products in such a way that they bring the highest market price has the best guaranty of profits that can be secured—a much better guaranty than it is possible to secure by national or state legislation.