**10 Tips for Surviving Tough Times**

Bankers Association offers 10 tips to help farmers deal with tough times. They come from John Blanchfield of ABA’s Washington, D.C., office.

1. In tough times**, cash is king**. “You hold onto every nickel and dime,” When you do reach into your pocket to spend, make sure there’s a payback. “If the new item can’t create enough new cash to pay for itself over a reasonable period of time, defer the purchase.”

2. Let a **farm budget** be your financial road map. “Without a budget, you are totally operating in the dark.” Budget your income and expenses to help you maintain the direction of the business.

 3. Objectively look at your farm’s financial position and performance. Are you getting the **maximum return** from your investment? If not, why not? Are your non-farm assets generating a maximum return? Can you sell any farm or non-farm assets not contributing to the financial health of your farm and family finances?

Good times may have allowed the purchase of “killer toys” impressive, costly equipment that doesn’t pay for itself. Is there stuff you can sell?” Blanchfield asks. He notes that not every farmer has the ability to switch from a “relaxed spending cycle” during good times back to frugality during lean times.

4. Examine how your **debt is structured**. “We all tend to under finance ourselves.” Overloading short-term borrowing capabilities can lead to “too much month at the end of the money,” he says.

Is it possible to increase your long-term debt to pay down your short-term debt? You may be able to increase your monthly cash flow by spreading out your short-term debt over a longer period.

5. Prepare for **your financial review** with your banker. Bankers want to deal with a professional businessperson who is “on the ball.” Have current inventories, cash flows and balance sheets ready for your review. Provide the needed information

6. Ask your banker about USDA’s guaranteed loan program. Your banker may be able to restructure your farm debt over a longer period with a lower interest rate if USDA provides a credit guarantee. If your banker doesn’t know about the program, set up an appointment to go with your banker to your local USDA Farm Service Agency office to learn about it.

7. Review your hazard and fire insurance coverage. Can you live with a >$1,000 deductible? If so, increasing your deductibles can lower your premium. Carefully review every item on your inventory list and consider eliminating coverage on obsolete or low-risk items.

8. Carefully examine life insurance policies. Many whole life policies contain provisions that allow you to borrow against the cash surrender value at low rates, or allow you to deduct the premium costs from the cash surrender value.

9. Deal with financial problems immediately. Talk to your banker early and often. A good way to avoid serious financial problems is to identify and resolve them early. Solving problems often requires a team approach. Blanchfield suggests creating a “personal board of directors” comprising people you know and respect to be your sounding board.

10. Maintain a **clear perspective**. One of the best ways to think through business problems is to go away from them, Blanchfield says. “Get off the farm.” Take a vacation or go to the movies, If you don’t shift focus and put your concerns aside temporarily, “you won’t be able to make the kinds of decisions you need to make.”

“We are in tough times,” Blanchfield concludes. “But I want you to remember who’s in control. You’re in control.”