TRANSITIONS

Empowerment through ownership

The Rogers family works well together with separate operations

By Gil Gullickson
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A picture of Mark Rogers when he was 12-years-old grinning from ear to ear while hugging a small pig tells it all.

"I always wanted to be a farmer," says Mark.

Today, Mark's childhood goal is reality. He's the third generation of the Rogers family to farm the rich, black soils of north central Iowa. Yet, crop production is just a supporting factor for the farm's main moneymaker: hogs.

Mark's grandfather, Frank, began by raising hogs when he started farming near Cedar Falls, Iowa, in 1955. Mark's parents, Drew and Laurie, continued the farm's

Mark and Drew Rogers harvest part of their 2004 soybean crop. "One of the biggest challenges we've faced in the last three to four years has been marketing," says Drew. He now spends more of his time marketing grain, as Mark has taken over more of the hog production work.

Photographs: Mike Boyatt

Mark (left) and Drew Rogers use the MAX computer program designed by Dan Yegge for their hog operations. One benefit is a weekly breakdown of hog prices. "I make 80% of my financial decisions through the program," says Drew.

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emphasis on hogs when they moved to a Greene, Iowa, farmstead in 1986. Now the Rogers family produces weaner pigs on contract. Drew and Laurie annually churn out 20,000 pigs each year, while Mark sells 12,000 weaner pigs annually

"Hogs have been, are now, and will continue to be our future," says Drew.

A key in the farm's transition to Mark has been separate ownership. Mark and his parents separately own their hogs, buildings, and farmland.

"Having Mark take ownership has been the biggest success that we've had," says Drew. "I didn't want him to be a hired hand. Ownership gives you motivation and the opportunity to learn from your mistakes."

Although ownership is separate, Mark and his parents still closely work together on production, marketing, and management. "We learn from each other every day," says Mark.

Right from the start

It was apparent early on that Mark would some day join the operation. "He was always in the barn from the get-go," says Drew. "We just always worked well together."

When Mark graduated from high school in 1999, he worked for Drew and Laurie for one and one-half years before heading off on his own. He bought a nearby farrowing unit on contract from his parents that they initially purchased in 1995. This coincided with a 2000 decision the Rogers family made to switch from a farrow-to-finish operation to weaner pigs.

Farm life is rewarding for Mark Rogers, who says it's important to keep up with all the changes.

"Everyone was getting into finishing, but we had always made more money farrowing," says Drew.

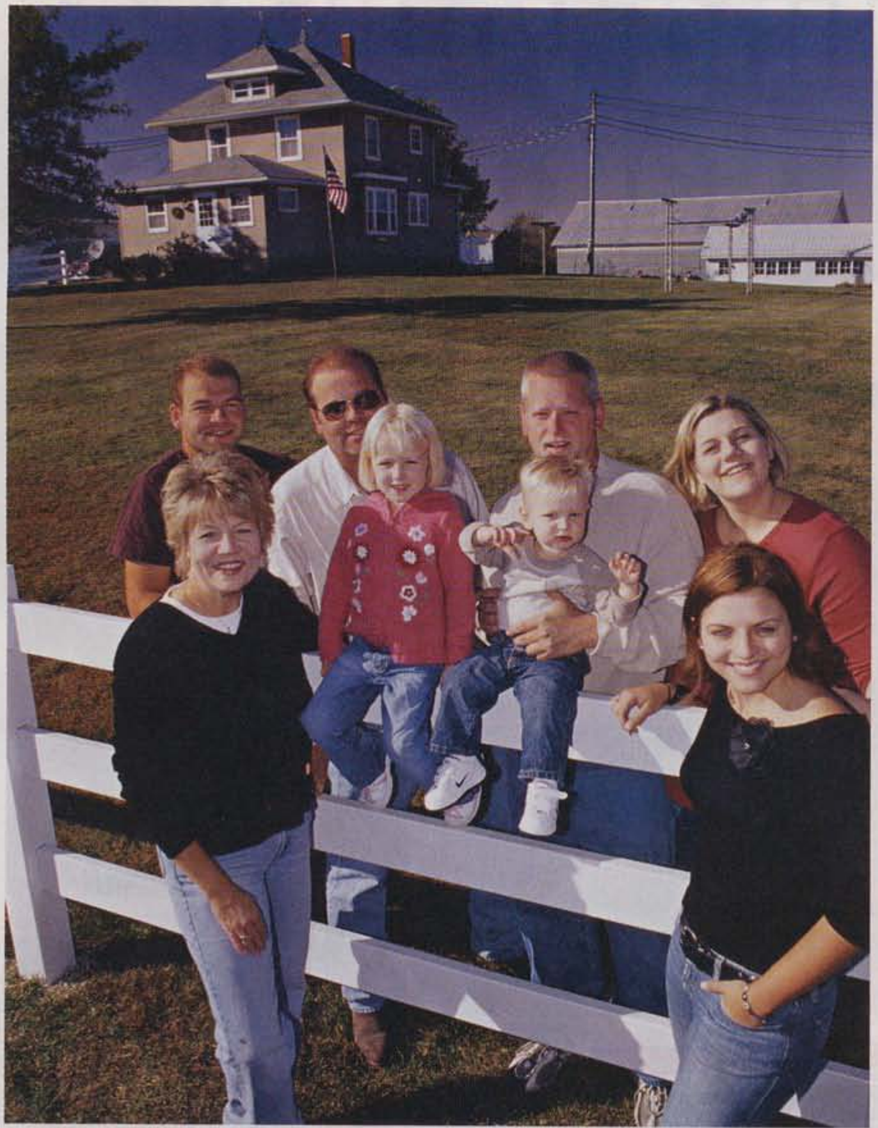
Risk management

To manage risk, the family negotiated weaner pig contracts with Unique Swine System of Coralville, Iowa. (For more information, contact them at 800/420-0190.)

"The Rogers family hog production and marketing program is excellent," says Dan Yegge, president of Ag Performance, a Buffalo Center, Iowa, farm consulting firm the family has worked with. "They have good contracts established for 2-week-old pigs that gives them income protection."

About this series

This is one in a series of stories about farm families that are transitioning management to a new generation. For additional resources for young and beginning farmers, visit agriculture.com/future/. The Web site is sponsored by *Successful Farming* magazine and The Farm Credit System Foundation.



Family members include (front row) Laurie, grandchildren Alexandra, 4, and Sean, 1, daughter Megan, (back row) son Mark, Drew, son-in-law Lyle Mathers, and daughter Maria Mathers. (Grandchild Elizabeth, 3 months, is not shown.)

Laurie (standing) and her mother-in-law, Marlene, oversee the bookkeeping for the farms.

Empowerment

(You may contact Ag Performance for more information at 641/562-2370.)

Part of transitioning the farm for the future involves land ownership. "Some believe in renting farmland and not putting capital into ownership, but when you have more long-term ownership, you build equity," says Drew.

The Rogers family is also shifting their land holdings from their former Cedar Falls base to the area around Greene. To do this, they've used Section 1031 tax exchanges, a provision of the tax code that allows businesses not to be taxed on capital gains when like-kind properties are exchanged. This tool has allowed Drew to build up ownership of 1,000 acres to join his 500 rented acres in the Greene area

Meanwhile, Mark has annually bought 80 acres each of the last three years. This gives him 240 acres of owned land to join the 800 acres he currently rents.

Hogs will continue to remain the mainstay of the farm as the Rogers family embarks on a plan to raise their own gilts by 2006.

"We can have our own gilt multipliers for between $90 and $100 an animal, instead of buying them for $260 each," says Mark.

Although retirement is still a ways off, Drew and Laurie plan to transition their farm's ownership to Mark while relying on life insurance to fund their daughters' (Megan and Maria) portion of the estate.

Meeting the challenges

In the meantime, they'll continue to meet the challenges as they come and enjoy the good times with good humor. "Mark keeps us laughing most of the time," says Laurie.

Beneath the laughs and humor is a healthy respect between generations that readies this farm for the future.

Says Mark as he jestfully gestures toward his dad, "I've learned quite a bit from this guy. He may look funny, but he's pretty smart." SF

Tips

Land purchase and rental decisions have been made easier for the Rogers family due to the MAX computer program developed by Dan Yegge. The program tracks cash flows and breakeven projections on a monthly basis.

"When we're looking at land to buy or rent, it tells us the bottom line breakeven," says Mark. "That's good to know and helps us avoid putting a drain on our cash flow."