

# They share equipment locally

It enables them to cut costs and access newer and bigger equipment



Photographs: Doug Hetherington

When it's time to spray, Doug Svendsen (left) furnishes the tractor while brothers Stan (middle) and Scott Neff (right) furnish a large, technologically advanced sprayer.

**By Rich Fee**  
Crops and Soils Editor

**M**achinery-sharing arrangements range from complex legal documents to simple verbal agreements. Beaman, Iowa, farmer Scott Neff leans toward the simple kind. For the past 10 years, he and his brother, Stan, have jointly owned a line of farm equipment even though they operate separate farms.

Three years ago, the Neffs went a step further and started sharing a large, sophisticated sprayer with Doug Svendsen of nearby Marshalltown, who is in a farming corporation with his father, Jim. Scott and Stan own the sprayer while Doug and Jim own the tractor that pulls it all season.

"We put the hitch pin in before corn planting, and we don't take it out until

we are done spraying Roundup on beans," says Scott.

"I was in the banking world long enough to know the dangers that can arise when you don't have a written agreement," concedes Scott, who started farming full time in 1999. "But sometimes the best arrangements work without having anything on paper."

That approach has its critics, of course, but it has worked on a lot of land rental agreements over the years. And because there is no financial entanglement in this situation, ending the agreement could be accomplished by simply pulling the hitch pin.

## Flexibility helps

The four participants agree the venture has been a success. They attribute that success to being flexible in both attitude and scheduling.

"Part of what makes this work," says Scott, who does much of the spraying on his farm and Stan's, "is Doug and I are good personal friends. Neither one of us gets real chesty when it's time to do something."

Doug, who handles his own spraying as well as his dad's, says, "The arrangement has worked really well. You just need to be open-minded and flexible. We are very cognizant of each other's needs in terms of timing."

Scott adds, "If we just say, 'Here is what I want to get done,' the other one has been pretty accommodating. I have never felt that we had a situation where either one of us got hurt. As far as spraying is concerned, we just consider our operations as one and try to get done what needs to be done. I didn't expect to have any problems, and we haven't had any problems."

### They share equipment

It does take planning to make it happen, however. “You don’t want to pick a herbicide program that has a real narrow window of application,” says Doug. “But that just makes good sense anyway, because everything we do is weather dependent.”

Even though the base of operations for the farms are only a few miles apart, the climate is a little different.

“Because of that, Doug and Jim typically start planting corn two or three days ahead of us,” says Scott. “So, they will get a good share of their corn in before we start. Then Doug will quit planting corn and start spraying.”

This year, Doug is planting Roundup Ready corn, so his timing will be even less critical than it has been the past three years. All of the soybeans on the three operations are Roundup Ready, so there is a relatively wide window of application there, also.

#### Cutting costs

Before buying this sprayer, neither Scott nor Stan had done their own spraying. “Our dad never owned a sprayer,” he explains. “He always had it custom done. He had really good results with that, but we were looking for ways to cut costs.”

They knew they wanted a big sprayer with a suspension boom and quickly learned it would be expensive. The Summers Mfg. sprayer they chose had a 1,000-gallon tank, a 90-foot suspension boom, a windshield, and a \$30,000-plus price tag.

Unfortunately, the brothers also learned their International 1486 tractor from the '70s didn't have the hydraulics needed for a turn-of-the-century sprayer, and they did not want to replace it with a newer, more expensive model. That's where Doug and Jim came in. They had a late-model tractor that they used during harvest but could devote exclusively to spraying in the spring and summer.

While cutting costs was the main factor behind the equipment-sharing agreement, it wasn't the only factor.

### Go online for more information

There is a lot of good information that simply would not physically fit in these stories about sharing machinery.

In the spirit of the stories, here is some of that information, which is available online.

A good place to start is a paper by Erlin Weness entitled *Sharing Farm Machinery*. You will find it at [http://swroc.coafes.umn.edu/SWFM/Files/fin/sharing\\_machinery.htm](http://swroc.coafes.umn.edu/SWFM/Files/fin/sharing_machinery.htm).

Next, go to this Web site at Iowa State University to access several good papers from Extension econo-

mist William Edwards: <http://www.extension.iastate.edu/agdm>.

At that site, you will see a page titled Ag Decision Maker. Click on the search box near the top of the page and type in “sharing farm machinery.”

There are two pertinent papers in the first list you'll see. One is called Farm Machinery Joint Ventures, File A3-37.

The other one is called Joint Machinery Ownership, File A3-34.

You will find links to other papers near the end of these papers. ■

“Another thing I learned in the banking business is that if you are doing something for only one reason, it probably isn't justified,” says Scott. “I feel that we cut our costs with this arrangement, and we got a bigger, more technologically advanced sprayer than Stan and I could have justified on our own. Plus, we picked up some expertise by aligning with Doug. He had a lot of experience spraying.”

When asked about unforeseen *disadvantages*, Scott says, “It would probably be just the opposite. There were some unforeseen *advantages*. It is really helpful to have somebody to bounce ideas off of about nozzles, sprayer maintenance procedures, and how to set the sprayer up.” In January, they were conferring on a bigger pump in case they have to spray for Asian soybean rust this summer.

#### A win-win situation

Doug saw advantages, too. “It was an easy way for us to get into a bigger sprayer,” he says. “We just had a 45 footer. It was fixed up pretty nice, but it still required a lot of passes across the field. This arrangement provides me with a well-equipped, high-capacity machine that I can use to get over the acres quickly. We were going to be spraying with that tractor, anyway.”

Last year, the tractor was outfitted with a demonstration model of the AutoFarm guidance system. “There's no question we want one,” says Scott.

“The question is, when can we afford it?” In the meantime, they use a light-bar for guidance. Plus, for spraying, the tractor is outfitted with the Ag Leader 3000 yield monitor out of Scott and Stan's combine. “Instead of measuring yield, it measures the volume of herbicide applied and makes maps,” Scott explains.

#### Size adds to success

Doug says the sprayer's size contributes to the success of the sharing arrangement. “That sprayer has a lot of capacity. So even between us, I don't think we have enough acres that we have gone past its ability to cover the ground.” The sprayer is called upon to cover about 4,000 acres a year considering that some fields are sprayed more than one time.

Here's the clincher. “Scott has always felt that he is getting the better deal out of it,” says Doug, “and I've felt I've been getting the better deal.”

#### Other opinions

Dave Varner is a University of Nebraska Extension educator in Fremont, Nebraska, who has been exploring machinery-sharing arrangements with a farmer who is interested in sharing a combine with a grower in North Dakota.

He says interest in sharing equipment is growing. “The more people I ask about it, the more interest I find. Farmers are starting to think about

## Sharing equipment

ways to reduce their machinery cost. That investment in machinery can make a big difference in whether you are making money on each bushel.

"There are lots of different arrangements out there," he adds. "And every one of them is unique. There is everything from two neighbors who share a piece of equipment to the long-distance relationships, which become a little more complicated because you don't know each other as well."

He doubts that very many of the joint ownership agreements between neighboring farmers are in writing. "Sometimes I wonder what will happen if there is an untimely death or a problem in the relationship," he says.

### How to get out

Iowa State University Extension economist William Edwards says, "All parties should have a written agreement explaining how the joint ownership will be dissolved in case of disagreement or termination of farming by one party. The agreement also should explain how to determine the value of the machinery at the time of dissolution."

Erlin Weness, who until recently was a farm management specialist with the University of Minnesota, agrees you need to have a predetermined dissolution plan.

"If both parties want out, the machine can be sold outright and the proceeds divided," he says. If both want to own the machine, but want out of the joint ownership agreement, one person may set the price and the other partner decides whether they will buy or sell at that price. If one partner wants to sell out, an appraisal of the implement by a local appraiser could determine the buyout price."

### Choose a partner carefully

But don't lose site of the fact that your goal is to make the arrangement work for everyone involved.

"The key to successful joint ownership is for the partners to be able to agree on when and how to use each piece of equipment," says Edwards. "Depending on weather and crop conditions, decisions may have to be made on a day-to-day basis. The objective is to complete fieldwork for



**Doug Svendsen adjusts the antennae on the AutoFarm guidance system he used as a demonstrator last season.**

## How to resolve conflicts and move on

**G**ary Frank, recently retired from the University of Wisconsin Extension Service, offers these resolution rules for resolving conflicts in equipment-sharing agreements as well as other joint ventures:

- Identify areas of agreement first.
- Stick to the issue.
- Don't bring up past disagreements.
- Listen and attempt to understand the other party's position. You don't

have to agree with it; just try to understand it.

- Present your position so the other person can agree with you without losing face. Preface remarks with phrases like, "Have you considered" or "Don't you think."
- Be prepared to change your mind.
- Be willing to compromise.
- Have an agreed-upon third party to arbitrate. ■

all partners in a timely manner while minimizing the time spent transporting machinery."

Using a combine as an example, Weness says to ask yourself this question: "Do both you and your partner have the temperament to be able to negotiate and work through these decisions (about scheduling) during the busy harvest season?"

Weness offers this advice on selecting a potential joint owner. "Look for someone who has similar habits regarding machinery care and maintenance as you. Select someone who may live close to you to minimize needless transportation costs.

"You might also want to work with someone who has a similar work ethic and personality as you," he says. "If you and your partner have conflicting personalities, expect a short business relationship.

"Also, select someone with a similar financial situation. A partner who is in a weak financial position may not be able to trade up or finance needed equipment," he cautions.

"Be careful when financing jointly owned machinery at separate lenders," says Weness. "If one partner owns 50% but pledges 100% of the machine as collateral, legal and liability problems can occur." **SF**