

LETS YOU OPERATE A NEW IH AXIAL FLOW EVERY YEAR

You'll Like This New Combine Lease Program

Popularity of the revolutionary International "rotary" Axial Flow combine has triggered a new combine program that's as "hot, new and different" as the new-style combine itself.

Here's how the program, introduced by Creativity, Inc., Buhler, Kan., works:

You buy a new 1460 or 1480 Axial Flow combine and use it to harvest your crops. Then, as soon as your harvest is finished, you lease it out. Instead of standing idle in your machine shed for 10 or 11 months, it's following the harvest in other states. Shortly before your harvest starts each year, you pick up a brand new machine from your local dealer and repeat the cycle. "At present, we're leasing only from owners of Axial Flow IH combine because of the relatively poor resale value of other makes of combines since introduction of the IH rotary," Ron Roesler, president of Creativity, Inc., an originator of this first-of-its-kind combine lease program, told FARM SHOW.

Ron has had seven years experience with the basic leasing program and is satisfied that it's a good deal for all concerned — the farmer, the local dealer and himself. "I was teaching school and worked on a combine crew during the summer months," he recalls. "It didn't make any sense to me for farmers to have their expensive combines standing idle 11 months out of the year. That's when I hit on this new combine leasing idea," says Ron, who has since quit teaching and has developed his own sizeable custom combine operation and leasing program.

His first combine lease was with Iowa farmer, Jack Seeser, of Clinton. Jack bought a Massey Ferguson combine and used to harvest his crops in the fall of 1970. He then leased it to Ron who took it the following summer, in 1971, from Texas to Montana to custom harvest wheat. On September 1, 1971, the used MF 510 combine was traded in at the local dealer for a new combine. Ron recalls that the new combine at that time sold for right at \$20,000. "We got \$17,000 in trade on the used machine and split the \$3,000 difference."

The lease program has been continued every year since with a model MF 760 combine. "Through the years, the price of a new combine has risen to about \$50,000. Consequently Jack in recent years has paid about

\$3,500 annually and I've been paying about \$6,500."

Last fall, when IH introduced its new Axial Flow combines, Ron ran an advertisement in midwestern newspapers aimed at new owners of the new combine: "Anyone with an IH Axial Flow who would like a new machine every year for \$3,500 contact me." He received replies from Axial Flow combine owners in Iowa, Minnesota, Wisconsin and Michigan, including several who have signed up for the program. Each owner will use his Axial Flow combine to harvest his own corn and soybean crops this fall, then will lease it to Ron. He'll run the machines in his custom combining operation. On or about September 1, 1979—before the farmers start harvesting their new corn and soybean crops — they'll pick up a new Axial Flow at their local IH dealer. At current prices, their out of pocket cost will be \$3,500. In renewing the lease program every year, their cost of owning a new combine will be this amount, plus whatever percentage increase there may be in the cost of new combines from year to year.

New combines are ordered through local dealers well in advance of the delivery date to insure that the farmer who uses his combine after harvest will have a new one before the next harvesting season begins. "Dealers like the program which for them is nothing more than a paper transaction. They not only sell a new machine but have a ready buyer for the used machine," explains Ron. He's developed a special insurance-bonding arrangement which assures the dealer that the new machine, and the used one, will be purchased and taken off his hands as per the prior agreement.

In addition to starting each year's harvest with a new combine, the farmer gets a tax advantage by leasing out his combine, Ron explains. "He can double the standard deduction on the new machine the first year. His investment credit tax is increased each year. And, since he's trading in the used machine to the same dealer supplying the new one, he pays no capital gains."

Some of the used combines Ron acquires are operated as part of his own custom combine harvest fleet which starts in Texas and moves north with the harvest. Others are leased outright to smaller farmers who can't justify ownership of a new

Axial Flow. "Here in Kansas, you pay property tax on what you own the first of the year. Consequently, I sell off all used machines at the end of the year and start the new year from scratch," says Ron.

All repairs not covered by warranty are paid for by the farmer-lessee. The leasing company covers the cost of transporting combines from farm to farm, or from state to state.

"We'll consider a similar leasing program for combines other than the 1460 or 1480 IH Axial Flow but terms will need to be negotiated for each make an model," Ron told FARM SHOW. Here are the general terms of his current leasing program as it applies to Axial Flow combines:

Plan A. Designed for the farmer who uses the combine in the fall for 4 to 6 weeks to harvest his corn or soybeans, it works like this: "You own the machine and run it in your fall harvesting, then we lease it from you for the following summer harvest. We will provide you a new machine the following September for \$3,500. In other words, we pay the difference in the cost of a new machine, and your used machine each September 1st. We each take care of our own headers."

Plan B. It's designed primarily for the small grain farmer or custom operator who uses a combine for the summer, or the farmer who uses a combine over a period of several months. "You own the machine and run it in your summer harvest, then we lease it from you for the following fall harvest. We will provide you an identical new machine the following spring for \$8,000.

Plan C. If your farming operation is too small to justify ownership of a new IH Axial Flow combine, Creativity, Inc., offers this option: "We own the machine and lease it to you for \$30 (1460) or \$35 (1480) per hour for the summer harvest (until September 1st) with a 400 hr. minimum. Fall lease will be \$30 (1460) or \$35 per hour (1480), with a 300 hr. minimum. Headers of your choice are available."

Plan D. It covers short term leases with a minimum of 100 hrs. It's aimed, for example, at the wheat farmer who can't justify owning a combine, or the farmer who needs an extra combine for a short time.

For more details, contact: FARM SHOW Followup, Creativity, Inc., Ron Roesler, President, Route 1, Buhler, Kan. 67522 (ph 316-543-6595).

Look! A Fence Builder For Hire

One of the less popular farm jobs is building fences. It isn't easy to find somebody to build them for you — unless you happen to live in Eastern South Dakota where Julius Young, of Winifred, builds fences for hire. The ex-farmer figures he has custom built 168 miles of fence in the past 8 years.

Most of those 168 miles of fence consist of fence involving more than 53,000 posts and 8,400 miles of barbed wire in the past years.

Most of those 8 miles of fence consist of steel posts with five barbed wires. "I don't put up any woven wire or electric fence. The new barbed wire will turn back hogs and sheep when the lower wires are placed close enough together," says Young. "For beef cattle, I sometimes have to run a hot wire in with the barbed wires.

Young is a meticulous worker and uses good, strong materials. The farmer hiring him furnishes the steel posts and wire. Young works alone by the hour. The fencing "toolbox" he carries in his pickup consists of a hand-operated steel post driver, a winch-type fence stretcher and assorted hand tools. Corner posts are set in holes which the farmer usually puts in with his own power post hole digger. Corner posts are set 3 ft. deep and double braced for strength.

In low spots, Young puts in wooden posts to keep the fence from lifting. Most of the barbed wire he uses has razor-sharp 2 pt. barbs about 1 in. long. "They usually turn back any animal after one encounter," Young points out.

He doesn't know of any custom fencers in his area, or elsewhere. "It's a job that most people don't like, but I find it to be clean, healthy work."

When he started custom fencing, Young advertised in a local paper. He has never had to advertise again as people spread the news by word of mouth. He has a waiting list of customers wanting him for fencing jobs.

Young says he plans to retire soon as he is now past 65 years old, but he would like to fence 200 miles before he hangs up his driver and stretcher.

Will somebody take over his custom fencing service when he retires?

"Probably not," answers Young. "It's hard work, and many of the young people just aren't interested."

For more details on his custom fencing service, contact: FARM SHOW Followup, Julius Young, Box 52, Winifred, S. Dak. 57076 (ph 605-485-2649).