Start Up Wisdom from a First-Generation Farmer

By Tanner Ehmke

The book "The Richest Man in Babylon" by George S. Clason changed Donnie Young's life.

Filled with parables of financial wisdom, including quotes like "Where the determination is, the way can be found," and "I found the road to wealth when I decided that a part of all I earned was mine to keep," the book fueled Donnie's passion for building and growing his farm in southwest Kansas despite his never having grown up on a farm.

"The book had a lot of grounding principles that are very true," he says looking back on starting his farm nearly 40 years ago from scratch with no family inheritance and growing it to 10,000 acres of corn, wheat, triticale, grain sorghum and forage sorghum today. "Finance isn't rocket science. It's a lot of principles. If you follow those principles, it generally works out well. If you don't, you're in trouble."

At 61, Donnie today has the clarity of hindsight of how he slowly but gradually built a farm crop by crop, acre by acre. His first crop, which he self-financed at 23 after selling his car and motorcycle since no bank would approve him for a loan, was the first step in a long – and often times painfully slow – journey of working, saving, living frugally and investing.

"I look back and boy I got discouraged, a lot of times because things just weren't happening very fast," he recalls. "I was farming some pretty sorry ground and things didn't look good. Then all of a sudden, someone comes around and starts renting to you. And then you get lucky and you get one bought. It reminds me of what a friend once told me: You're going to make your money a penny at a time, not a million dollars at a time."

Living low-cost during those early days was also crucial to keeping his balance sheets in the black when income was slim. Donnie delayed getting married until his first crop was harvested, which gave him just enough cash to keep operating.

But even while money was tight, Donnie was committed to plugging a portion of his earnings into savings, which after a few years was enough to finance building a new home – paid for in cash. "I've never had a mortgage on it," he says, noting his life-long aversion to debt. "I refused to ever tie it up for collateral for anything."

Debt: Good, Bad or Ugly?

While Donnie managed to self-finance his first land purchase with cash, he wonders if he passed up an opportunity to expand the farm sooner by not getting help from a lender. Instead of paying cash for his first quarter-section of farm ground, he says leveraging it and buying two or three quarters of ground would have resulted in owning more ground faster. "But I would be hesitant to advise someone to do that today," he says, noting the difficulty of buying ground amid low crop prices.

"Debt will bury you," he warns. "It will absolutely bury you if you get too far down the road. The best thing in the world for me when I started was I didn't borrow any money. Nobody'd loan me anything. I had to learn to work without it." Even when banks agreed to lend to him on land purchases in later years, Donnie maintained a conservative approach to leverage and opted to pay mostly cash.

For today's younger farmers, Donnie strongly encourages getting started early on buying land but still maintains an ultra-cautious view on debt. "Land is a forced savings account, no different than owning a house versus renting a house. Every year you put some money into it," he explains. "So if you've got some money sitting in savings and you're going to farm, you ought to put it into some ground if you can find it and get started. But you've got to be careful in what you're doing."

And, he adds, young farmers today should put "The Richest Man in Babylon" on their reading list. "If you can ground those principles into someone fairly young and get them to listen," he says, "it's amazing what they can do."