



Reed and Hyde Families Papers.

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THE 25TH YEAR OF WILDER FARMS

(AND FEEDERS, INC.)

1937 - 1962

Re-managed
ARTESIAN BOND

50% COTTON FIBER

U.S.A.

BOARD OF DIRECTORS - FEEDERS, INC.

ARTHUR D. HYDE	- Chairman of Board and Chief Executive Officer
ELEANOR C. ROMHILD	- President
EARL R. LARSON	- Vice-President and Secretary
ARTHUR D. HYDE, JR.	- Director

April 10, 1963

To the Stockholders of Feeders, Inc.:

Because 1962 marks the 25th Year of the direct operation of the Wilder Farms by Mr. Hyde and myself, we have prepared the attached detailed report, divided into three Sections:

Section I - A historical documentation of the growth of Wilder Farms from 1937 through 1962.

Section II - Comparative financial data showing the growth of Wilder Farms over this 25 year period, including the 11 years since the formation of Feeders, Inc., of which Wilder Farms is a major segment.

Section III - Financial data on Daramac, Inc. This has been included primarily for the information of our Directors to provide background material for certain policy decisions which are to be made at the Board meeting on April 11th.

1962 witnessed another substantial step forward in the long-range expansion program initiated by your Directors in 1956.

That our objectives are proving successful is evidenced by the fact that the greater part of the construction program has been, and is being, paid for out of the earnings of the farming operation.

When our plant is completed, the management of Feeders, Inc. sincerely believe that, despite the keen competition from the growing number of feedlots in the country, particularly in the West and Southwest, we will have the necessary tools and knowledge to produce crops and feed out cattle at a cost as low as, or lower than, any competition of which we are aware.

While at times our progress has seemingly been slow, it has been steady, and I have every confidence that the years ahead will justify in earnings growth the substantial monies which have been expended on building the Wilder Farms Plant.

Earnings for 1962 were lower than anticipated due primarily to the fact that our new feedlot facilities were not completed until the Fall of 1962. As a result, our feedlot operated at only 65% of capacity.

The expansion of our feedlot requires that we feed out between 1,000,000# and 1,250,000# of beef on an annual basis and, unless some unforeseen economic factors arise, our 1963 operation should reflect a substantially increased profit over 1962 results.


President

IN THE BEGINNING

Wilder Farms, or the "Wilder, Minnesota Farm", as it was originally called, had its beginning in 1875 as a tract of land owned by the St. Paul and Sioux City Railroad Company. Fifty-five years ago, in August, 1905, the original 440 acre farm was transferred to Jane Reed Dwight, and in 1930 became the property of Arthur Dwight Hyde.

To its new owner, the 400 acre Farm in Jackson County, with its dilapidated buildings and its many acres of wet land, represented little more than a burdensome piece of property which no one was interested in purchasing. Mr. Hyde had only recently become associated with Washburn Crosby Company and was engrossed in building his future with that Company.

George Krahn, the tenant, was operating the farm on a crop-share basis. Management of the Farm was in the hands of the Corwin Company of Minneapolis, whose management fee was 20% of the gross income, for which fee they did little more than collect the cash income.

Unable to dispose of this property, and with relatively no income being received from the Farm, Mr. Hyde, on February 11, 1937, sent his Secretary, Eleanor Romhild, to Heron Lake to attempt to evaluate the situation and bring back to him some recommendation on how best to handle this property.

On the basis of the findings, it was decided to let George Krahn continue to farm the land, and to work directly with him. As funds became available, the money would be spent in making some improvements to the farm property, in the hope that at some future time a buyer could be found. It was also agreed that Miss Romhild would maintain the records and handle direct with George Krahn whatever detail work was involved in the farm operation.

The aerial map and the building photographs appearing on the next two pages were reproduced from the first report made on Wilder Farms, dated April 12, 1937. While it was not a very sophisticated report, it did provide a basis from which to start.

The Wilder Farms' acreage in January, 1937 totaled 440.51. Of this, only 233 acres, or approximately 50% of the farmland, were tillable.

Our 1931 records show that, while grain prices were extremely low (corn @ 29 1/2¢ a bushel; oats @ 16¢; barley @ 38¢; and rye @ 29¢) real estate taxes were surprisingly high - \$1.15/acre. The net return from Wilder Farms in 1931 was \$194.38--(Grain income \$914.33 less real estate taxes and management fees of \$719.95.)

In the ensuing years through 1936, the income situation remained about the same.

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LAND EXPANSION BY RECLAMATION AND ACQUISITION - 1937-1941

Having decided to operate Wilder Farms direct, Mr. Hyde developed a program of minimum rehabilitation. We borrowed \$10,000 from the Federal Land Bank and with these funds built a new barn and a 26' X 30' corn crib, the latter having a capacity of 2,000 bushels of Corn and 800 bushels of Small Grain. This storage facility was considered to be "most adequate".

It was also decided to reclaim some of the existing wet lands by draining them, and put into production what amounted to a good many acres of practically virgin soil.

Walter Madsen, a Drainage Engineer highly recommended by the University of Minnesota, was employed to make a drainage survey, and by September, 1937 the first of four drainage systems was completed at a cost of \$7,036.09. This project, as you will note on the aerial map on the preceding page, drained approximately 133 acres in Sections 13 and 24, at a cost of \$53.00 per acre.

By 1940 we were becoming increasingly enthusiastic about the potentials of a farming operation, and Mr. Hyde began reaching for more land.

In February, 1940, an 80 acre tract of land adjoining Wilder Farms on the south was purchased at a cost of \$43.75 per acre. In April of the same year, Mr. Hyde acquired a 640 acre tract of land located in Section 15, at a cost of approximately \$42.00 per acre.

It was our naive philosophy at that time that the more land one owned, the more income one would receive - it was merely a matter of putting in the crops and taking them off.

While we learned some severe lessons in the ensuing years, the purchase of Section 15 turned out to be a very profitable acquisition when the major part of this tract was sold in 1945. We have continued to retain 179 acres of Section 15, which is now owned by Daramac, Inc.

In July, 1940 a second drainage system was installed, tiling the field east of the buildings and placing a lateral across the west 40 acres of the 80 acre piece purchased in February. Cost of this second drainage project was \$5,404.47.

* * * * *

In 1941 we acquired the "Foss Farm" - consisting of 148.8 acres of land and buildings - which borders Wilder Farms on the north and east. This brought the acreage of the Home Farm to 669.31 which, together with the 640 acres located in Section 15, gave us a total acreage of 1,309.31.

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1941-1951: GROWING PAINS - WE LEARN THE HARD WAY!

By the middle of 1940, we were beginning to explore the possibilities of a livestock program to complement our program of straight grain farming. Because of the low initial cost, it was decided to concentrate on hogs and sheep. George Krahn was, however, a grain farmer and did not wish to participate in a livestock arrangement. Accordingly, at the end of 1940, we terminated our relationship with Mr. Krahn and entered into a lease agreement with Mr. J. R. McCoy and his three sons. It was agreed we would provide a line of machinery and equipment; the McCoys would provide the farm labor. The McCoys were also to receive \$2,000 per year as compensation for their work.

Our experience with the McCoys did not prove satisfactory and the agreement was terminated at the end of one year. The years from 1941 through 1946 represented a period in which, almost every year, a new set of tenants marched through the Farm.

Our main accomplishment was to provide inefficient farmers with the opportunity of making a good income with our facilities. However, during this period we did manage to produce and retain sufficient income from the farming operation to make some further capital improvements.

From 1947 through 1951 the farm was operated by two brothers - Paul and Harlow Hanson. For a time it appeared they might be the answer to our operating problems. However, after several years of operation, it became increasingly evident there had to be one head, and the petty jealousies which began to develop soon jeopardized the entire operation. Our agreement with the Hansons was terminated in 1951.

During the five years in which the Hansons operated the farm, we continued to make capital improvements, including repairing and painting the farm buildings; the modernization of our hog houses; the installation of a complete new water system; and the construction, in the Fall of 1950, of a 16' X 55' concrete silo.

1950 marked our first experience feeding cattle. In October of that year we purchased 72 steer calves and 27 yearling steers.

On the following page is a picture of Wilder Farms as it looked at the end of 1951. Up to this time, approximately \$113,000 had been spent on land acquisitions and capital improvements.

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1952 - REORGANIZATION AND INCORPORATION

As indicated previously, it had become evident early in 1951 that our relationship with the Hanson Brothers must of necessity be terminated. However, for the first time we had almost a year in which to search for a qualified farm operator. We had also learned through trial and error that a fifty-fifty type working arrangement was the most effective means for operating the Wilder Farms.

We were determined to approach the selection of a tenant in as intelligent a manner as possible and, under the guidance of Dr. Raymond Anderson, began our search. From the various County Agents, we obtained a list of recommended farmers and for a number of weeks devoted our entire time to screening this group.

Archie Forsberg of Winthrop, Minnesota was one of the applicants interviewed. He had but recently come out of the Army, had a reasonable backlog of capital, and was interested in an operation considerably larger than he personally could afford to purchase.

The selection of Mr. Forsberg was the beginning of a highly satisfactory association which has provided Wilder Farms with a Manager capable of developing and expanding the operation. It has also provided Mr. Forsberg with an incentive to increase his income potential as rapidly as he could absorb the several expansions which have taken place. In the ensuing years since 1952, both Wilder Farms and Archie Forsberg have profited by their joint association.

1952 - INCORPORATION OF FEEDERS, INC.

It was at this same time that we had become thoroughly convinced that, with the proper farm manager, together with the knowledge we had gained, we could build Wilder Farms into a highly successful operating entity.

After a thorough and careful study, the decision was made to form a Corporation, Feeders, Inc., which latter would include the assets of Wilder Farms.

It was Mr. Hyde's hope that Feeders, Inc. could be developed to a point where in the years to come, it would become a highly profitable operation and provide continuing income and security for himself and his family. Feeders, Inc. was to be what he so often referred to as his "Rock of Gibraltar".

That his objectives are proving increasingly successful, is quite obvious when one looks at the manner in which Wilder Farms and Feeders, Inc. have grown in the past and, with intelligent management, should continue to grow in the future.

1953-1955 - WE BEGIN TO GROW

It took Archie Forsberg approximately three years to become familiar with the land and operations of Wilder Farms. During this period he did considerable work on improving the fertility of the soil, with the result that our yields have almost tripled.

Both parties having satisfied themselves that they could work well together, we began to once again expand our operations. Archie was beginning to show considerable proficiency in feeding cattle and, as time went on, we became more and more convinced that the Wilder Farms would be well suited to a cattle feeding type operation.

During the years 1954 to 1957 we maintained a small cowherd, but eventually came to the conclusion that, unless we were in a position to maintain a very large cowherd, we were better off to purchase our feeder cattle and leave the raising of the calves to someone who could do this on land less expensive than ours. The cowherd was, accordingly, sold in 1957.

During this period, our capital expenditures included the construction of a 40'x100' machine shed; also the erection of a Corn and Grain Storage facility having a capacity of 8,000 bushels of corn and 3,000 bushels of small grain. In 1954 a hay shelter was erected for storing 3,000 bales of hay, and, in September, 1954 we erected our first cattle shed - a 30'x143' pole-type building, at a cost of 90¢ per square foot. By the end of 1956 we were feeding out approximately 400 head of cattle.

1956-57: THREE HARVESTORES AND THE BEGINNING OF A MECHANIZED CATTLE FEEDING OPERATION

As a long-time Director of the A. O. Smith Corporation, Mr. Hyde had been following with great interest the progress of the A. O. Smith Harvestore unit of sealed storage. These units had been in use for some time and were proving successful.

In October, 1956 we erected three 20' x 40' Harvestore Units, together with an automatic feed bunk extending 108' to the west of our feedlot. This installation was completed in 1957.

1958: THE FOURTH HARVESTORE

Pushing for a further expansion in our cattle population and pleased with the results of our original Harvestore installation, a fourth 20' x 40' Harvestore Unit was added, together with a 150' augered feed bunk extending to the east of our feedlot. A second cattle shed, 48' x 208' was erected on the east side of the feedlot. Two additions were also made to the west cattle shed, providing the additional shed space needed for the increasing numbers of cattle we were feeding out.

Our capital expenditures in 1958 were substantial, which funds were again derived from the farm's operation.

1960-61: AND THEN THERE WERE EIGHT!

In 1960 Mr. Hal Routhe of the University of Minnesota Farm School was retained to prepare for us a detailed cost study of our operations and a projection of the potential maximum capacity of the Wilder Farms feeding operation.

The preliminary results were so encouraging that Mr. Hyde proposed the installation of an additional four Harvestore Units for the storage of the greatly increased quantities of feed required for an expanded feedlot operation.

In August of 1960, installation of the additional four 20' x 50' units was completed, and work was begun on a 200' Hydraulic Feed Bunk extending to the south of the feedlot.

Inasmuch as we were now in the position of having to purchase approximately 60,000 more bushels of corn than we could raise, a Scale and Scale House were installed. This facility permits us to purchase grain direct from the local farmers; to weigh incoming and outgoing cattle; and to periodically test weigh cattle.

1961 saw the completion of work on the four Harvestore Units erected the preceding year, as well as the completion of the Hydraulic Bunk. The west cattle shed facilities were enlarged by a 40' addition to the existing cattle shed at a cost of 91¢ per square foot; and a 16' addition to the same shed at a cost of 77¢ per square foot.

1962: THE TWO 25'x X 65's

In 1962, Hal Routhe, Eleanor Romhild and Archie Forsberg spent over three months on a completely detailed cost study of our Wilder Farms' operation, based on the additional facilities which had been constructed, and based also on our actual cost experience in 1961.

A projection of our feedlot capacity indicated that we could produce, on an annual basis, 1,000,000# of beef. This was described as "effective feedlot production capacity, with allowance for usual space requirements and time in which to market and replace cattle in the feedlot".

Our study also confirmed that, with our present facilities and the addition of one more cattle shed, we can feed out somewhere in the range of from 1,250,000# to 1,500,000# of beef, depending on the number of cattle put into each lot and rate of performance while on feed under stress conditions. One additional bottleneck was the lack of storage capacity for our feed grains.

In line with Mr. Routhe's projections, which up to this time had proved most accurate, Mr. Hyde authorized the erection of two additional Harvestore Units, 25' x 65' in size, each unit having a capacity double that of the 20 x 60' units.

The 25' x 65' Harvestore is the largest unit ever to come off the A. O. Smith line and Smith's engineers are studying it from the standpoint of the feasibility of erecting structures of this size.

The cost of these two units, together with their related equipment, was substantial. Some of this was due to the necessity for having soil bearing tests made prior to erection of the units. In addition, a substantially heavier concrete foundation is required.

In order to make the best use of our existing Harvestore facilities by putting feed through them as many times as possible and thereby reducing our overhead costs, it was deemed advisable to build a Corn Silage Pit with a capacity of 4,000 tons.

While it is recognized that the storage of corn silage in an open pit versus storing it in a Harvestore leaves something to be desired in the preservation of the nutrients, it was felt the losses could be minimized by filling the pit and then sealing it. When sufficient of the Harvestores were emptied of Alfalfa Haylage, the silage pit was opened and the corn silage transferred into the empty structures.

To bring our cattle feeding operation up to the 1,000,000#+ projected by Mr. Routhe, one additional cattle shed was erected on the east side of the feedlot.

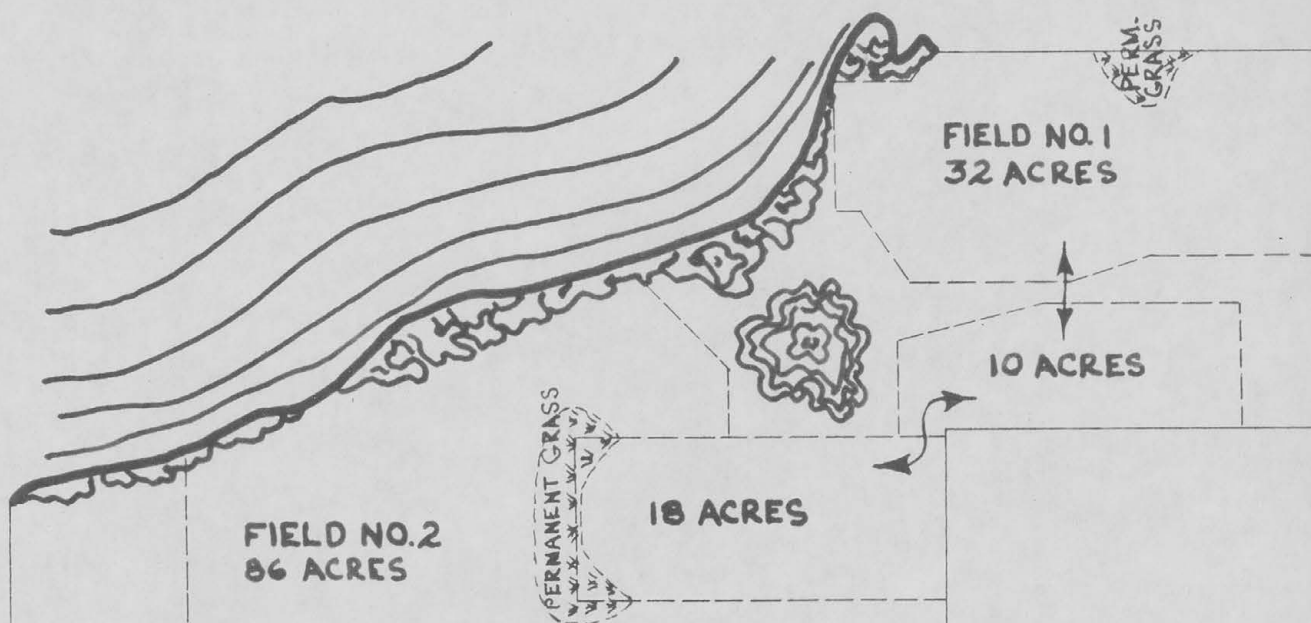
Inasmuch as the expanded facilities in the feedlot were not completed until the Fall of 1962, we were unable to reach the 1,000,000# beef figure. However, with the completion of these facilities, we have every expectation of feeding out at least 1,000,000# of beef and, if possible, trying to attain the 1,250,000# figure in 1963.

At the end of 1963, we shall make a further cost analysis and determine how closely our actual results compare with the projected figures.

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WILDER FARMS

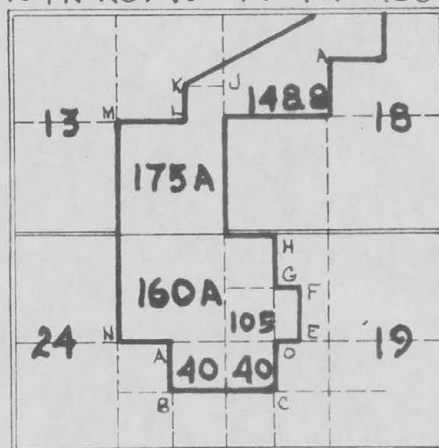
FIELD			RRRGH				
UNIT	NO.	ACRE	1958	1959	1960	1961	1962
I	3	60	H	R	R	R	G
	6	60	H	R	R	R	G
II	1	60	R	R	G	H	R
	2	60	R	R	G	H	R
III	4	110	R	R	R	G	H
IV	3	123	G	H	R	R	R
V	7	92	R	G	H	R	R



FIELD NO. 3
60 ACRES

FIELD NO. 4
110 ACRES

JACKSON CO. MINN.
WEIMER TWP. • DELAFIELD TWP.
T 104N-R37W • T 104N-R36W



FIELD NO. 5
123 ACRES

6 ACRES

6 ACRES

4 ACRES



25 ACRES
FARM BUILDINGS

6 ACRES

6 ACRES

7.5 ACRES

FIELD NO. 6
60 ACRES

FIELD NO. 7
92 ACRES

7 ACRES

OWNER: A.D. HYDE
OPERATOR: ARCHIE FORSBERG