



7 ecrets of Effective Farmers

Webinar Series: Business Planning and Recordkeeping

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Business Planning and Recordkeeping



What Should I do to make money off my farm?

- What do you enjoy doing?
- What are you good at?
- Have you farmed before?

What does it take to get started?

- General knowledge of the ag industry
- Recognition of your business opportunity or advantage
- Market for your product and understanding of that market
- Technical knowledge of crop production practices and/or livestock production
- Financial resources to develop your operation
- Necessary business management skills

What are Values?

- Values are standards, beliefs, or qualities that we consider worthy of pursuing.
 - Something (as a principle or quality) intrinsically valuable or desirable.
- Values are more than a mere objective or goal.
 - They impact how you achieve your goals.



How do Values Impact the Farm?

- Values can determine how you conduct business on your farming operation.
- Values reflect your viewpoint on life, how you carry out your actions, and indicate what you find to be important.



Values Can Be Different

- What is your motivation?
 - Profit?
 - Recreation?
 - Sustainability?
 - Be your own boss?
- How do you value money?
- How do you value the environment?
- Do your values mirror those of your business partner?



Resources

- Land
- Equipment
- Labor



Physical Resources Available

- Land is the foundation to agricultural production.
 - What is the lay of your land and what type of agricultural production can it sustain?
 - What is the soil profile of your property?- Contact NRCS
 - Is there water available for livestock production or irrigation for crops?
 - How close are you located to your customer base?
 - Are you permitted to do what you want to do on your property?
 - Plan Ahead! Soil Test, amend before planting.

The banner features the USDA logo on the left, followed by a ruler and various soil color swatches. The text "United States Department of Agriculture" and "Natural Resources Conservation Service" is displayed. The title "Web Soil Survey" is prominently shown in large yellow letters on the right side of the banner.

USDA United States Department of Agriculture
Natural Resources Conservation Service

Web Soil Survey

[Home](#) [About Soils](#) [Help](#) [Contact Us](#)

You are here: [Web Soil Survey Home](#)

Search

All NRCS Sites ▼

Browse by Subject

- [Soils Home](#)

The simple yet powerful way to access and use soil data.

A large green circular button with a 3D effect and the text "START WSS" in white capital letters.

START WSS

I Want To...

- [Start Web Soil Survey \(WSS\)](#)
- [Know Web Soil Survey Requirements](#)
- [Know Web Soil Survey operation](#)

Welcome to Web Soil Survey (WSS)

Web Soil Survey





Physical Resources Available

- Equipment may be needed to start agricultural production.
 - What equipment do you already have?
 - Do you need a particular piece of machinery for a new enterprise?
 - Do you buy new or used equipment?
 - Do you know how to operate the machinery and/or work on the equipment if needed?
 - Can you afford the pieces of machinery that you will need?

Set SMART Goals

NEEDS



WANTS



- Needs – Essentials
- Wants – Non-essentials

Physical Resources Available to You

- Labor is very important for certain types of agricultural production.
- Labor has become one of the largest issues in agriculture.
 - Will you be able to physically plant, maintain, and harvest your produce?
 - How many workers can you afford to employ either full-time or part-time?

Crop Production Systems

- After identifying the resources available to you, you need to identify:
 - Crop rotations
 - Timing of operations
 - Machinery and inputs used
 - Quantity of production
 - Storage of products raised
 - Processing and deliver to market



Livestock Production Systems

- Livestock production requires as much, if not more, planning that crop production.
- For example in a cattle operation, you have to consider the following:
 - Feed
 - Forages
 - Herd health
 - Financial needs
 - Equipment needs
 - Labor needs



Financial Situation

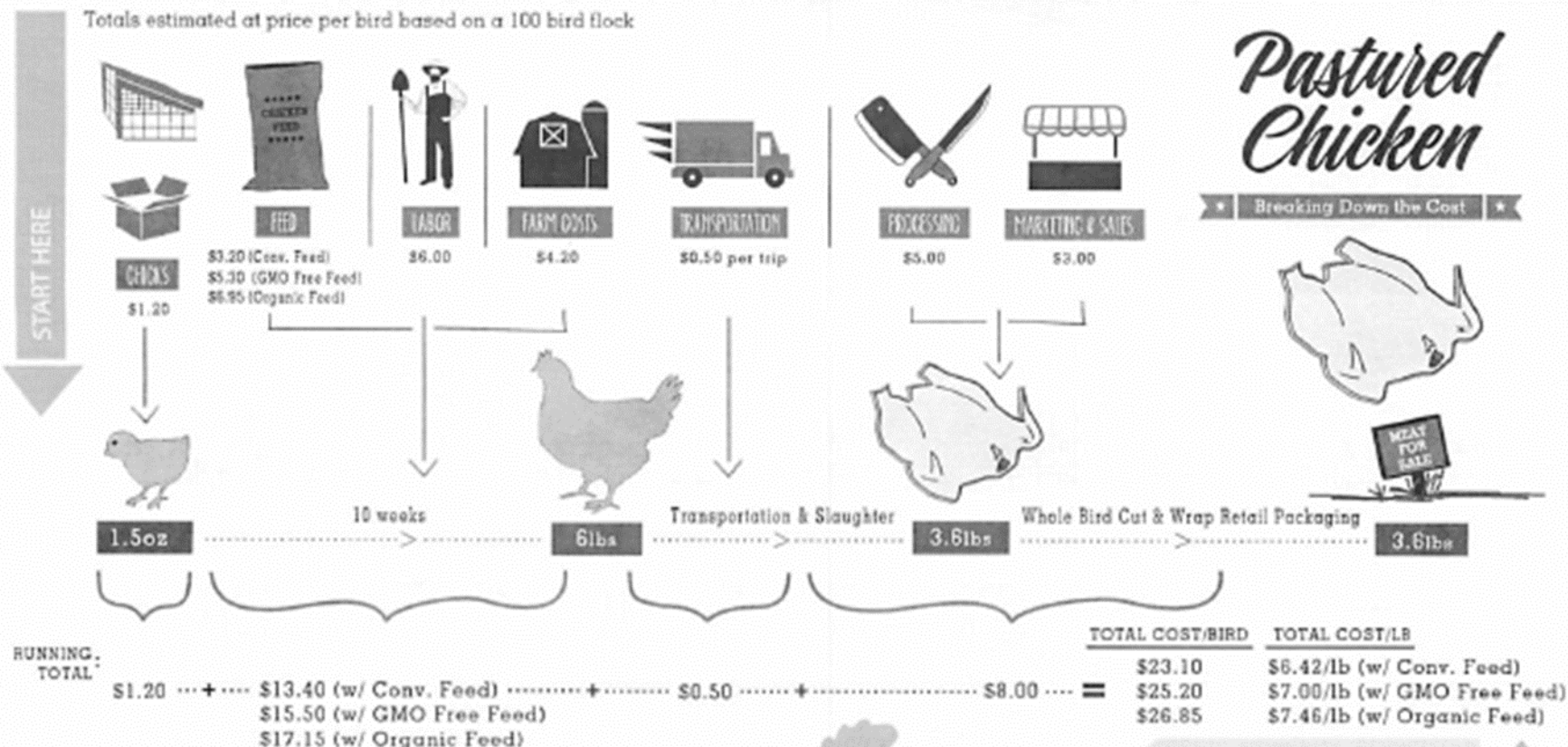
- Detailed information on current finances is crucial to any business.
- Your financial assessment should answer these questions:
 - Financial need: What are your current family living expenses?
 - Financial performance: How well has your business done?
 - Risk: What type of risk do you face on your farm?
 - Financial environment: What is the current business environment?

Make Budgets!

7 \$ecrets of Effective Farmers Webinar Series

- June 4 – Budgeting - Les Humpal, University of Tennessee Extension

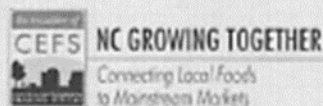
Totals estimated at price per bird based on a 100 bird flock



Farmers have approximately \$6.42/lb break-even value using commercial feed, \$7.00/lb using GMO-Free feed, and \$7.46/lb using Organic Feed. Note: Data will vary.

	TOTAL	PER lb.
Chicks	\$1.20	\$0.33
Feed	\$3.20 \$5.30 \$6.95	\$0.89/lb (w/ Conv. Feed) \$1.47/lb (w/ GMO Free Feed) \$1.93/lb (w/ Organic Feed)
Labor	\$6.00	\$1.67
Farm Costs	\$4.20	\$1.17
Transportation	\$0.50	\$0.14
Processing	\$5.00	\$1.39
Marketing & Sales	\$3.00	\$0.83
	\$23.10 \$25.20 \$26.85	\$6.42/lb (w/ Conv. Feed) \$7.00/lb (w/ GMO Free Feed) \$7.46/lb (w/ Organic Feed)

For more information behind the cost assumptions visit:
<https://nclarmschool.ces.ncsu.edu/small-scale-budgets/>



STOP HERE ↑

Realities of Farm Startup

- \$\$\$\$!
- Financing issues- Timing
- More work than hours in a day
- I get a return when!/?



Develop a written plan to achieve your goals.

- 80% of Americans have no goals.
- 16% have goals in their mind but never write them down.
- 4% write them down and make 9x more money.

Source: Business Planning Lite, Dr. David Kohl, Virginia Tech


Goals

- **SHORT-TERM GOALS**
 - *Within three months*
(Secure financing, gather information)
- **INTERMEDIATE-TERM GOALS**
 - *Three months to a year*
(Find and Purchase/Lease Land)
- **LONG-TERM GOALS**
 - *More than a year*
(Become sustainable long term)

Creating a Business Plan



Business Planning

AboutAccountLog Out

Cattle 2

Expand

Cover Page

Executive Summary

Business Description

Mission Statement

Goals

Plan Summary

Capital Request

Business Description

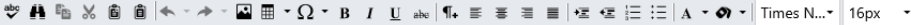
Operations

Marketing Plan

Management & Organization

Financial Plan

Executive Summary



TipsResourcesSamplesComments

The Executive Summary is the first page of your business plan, but it should be the last section you write. Summarize the key points that you have written in your business plan in the Executive Summary including a brief description of your business. It should also include your mission statement, goals, credit request, and a description of the keys that will make your business successful.










The Executive Summary is the doorway to the rest of the plan. Write it well and keep it short so your readers will want to go further.

The content of your plan summary depends on the purpose of your plan. If you are presenting your business plan to lenders or investors, then you should include highlights that will encourage them to consider financing your business. You should briefly describe what you plan to do including expansion plans, market opportunities, and financial trends and projections. If your plan is primarily for internal purposes, family members and employees, then the Executive Summary should summarize the plan and communicate where the business is going. Try to match your plan to your purpose.

This brings us to an important point - limit the writing in your business plan to what will help you move the business ahead. The value of the plan is how well it helps you map the future of your business, not the tonnage of printed output.

The value of information is limited by its impact on decisions. If more information is not going to help you do something better, then don't bother writing it.


This means you can and should skip sections that aren't relevant to your business or that don't help you develop a roadmap for your business.



Building a Sustainable Business

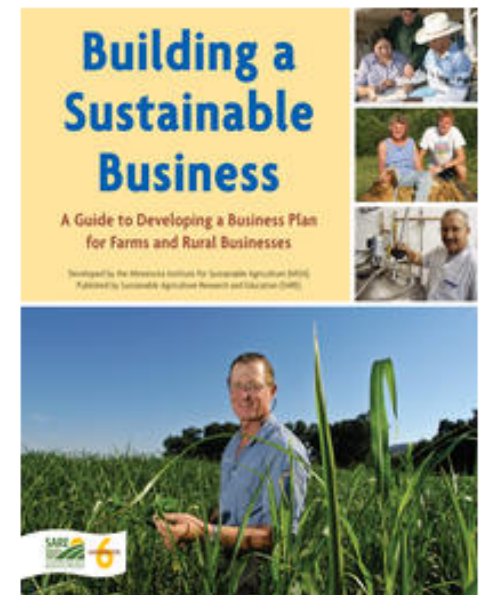
A Guide to Developing a Business Plan for Farms and Rural Businesses

Online Version (Free): [Download File](#)

Print Version: \$17.00 [Order](#) 

Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses brings the business planning process alive to help today's alternative and sustainable agriculture entrepreneurs transform farm-grown inspiration into profitable enterprises. Sample worksheets lend a practical perspective and illustrate how real farm families set goals, researched processing alternatives, determined potential markets, and evaluated financing options. Blank worksheets help the reader develop a detailed, lender-ready business plan or map out strategies to take advantage of new opportunities.

- This publication is also available in the following formats:
 - Abbreviated Spanish version from the University of Missouri at <http://agebb.missouri.edu/sustain/espanol/negocios.pdf>
 - Individuals chapters and worksheets from the Minnesota Institute for Sustainable Agriculture at <http://www.misa.umn.edu/Publications/BuildingaSustainableBusiness/index.htm>



[Download this image](#)

Business Structure

- Sole Proprietor?
- LLC (Limited Liability Company)?
- Partnership?
- Corporation?
- Cooperative?

Recordkeeping

What are your goals for the record keeping system?

- Keep what is needed for tax purposes
- Be prepared for the unexpected
- Planning ahead
- Communication
- Business analysis
 - Be able to accurately identify shares of income and expenses
 - Determine costs of production per unit
 - Know where profit (and/or loss) centers are in the operation

What are your goals for the record keeping system?

- Your records should be good enough to make business and production decisions!
- Start with the end in mind

Preparing for the unexpected

- Durable power of attorney
- Will, trust
- Medical directives
- List of account and credit card numbers
- Asset and liability inventories
 - Farm and household
- Proof of ownership, coverage, warranties
- Beneficiaries

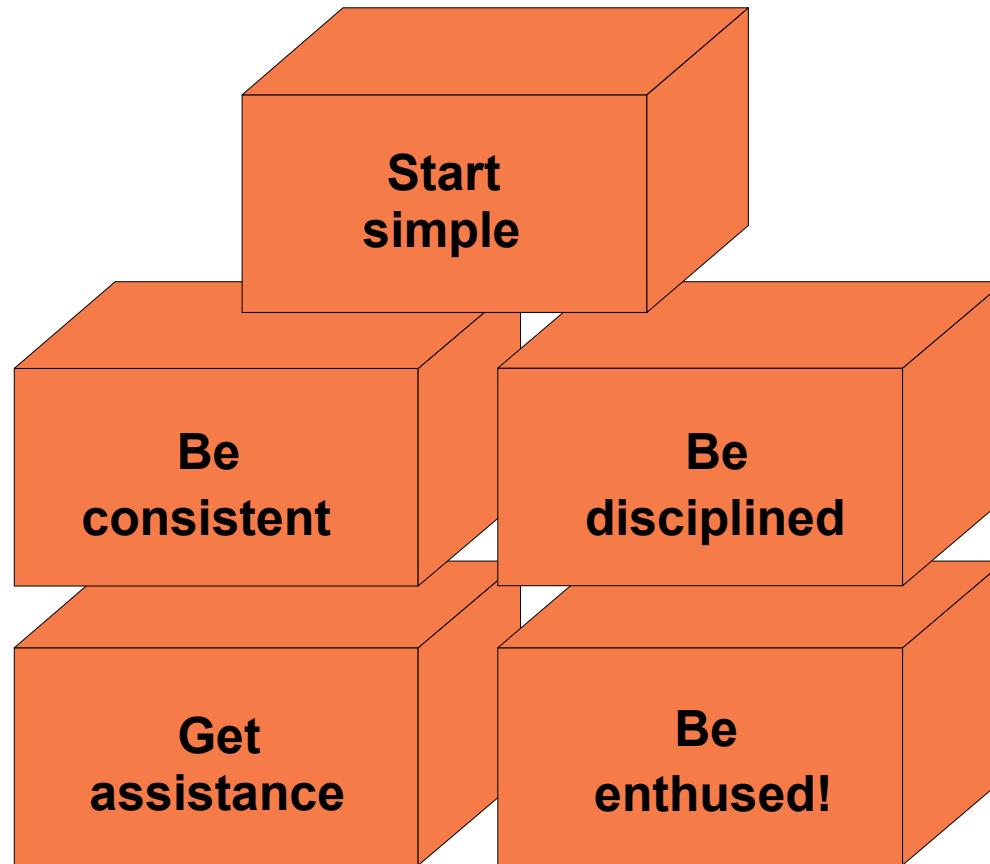
Records for tax purposes

- Cash records
 - Farm income and expenses
 - Employee payroll
 - 1099
 - Asset sales and purchases
 - Keep most items 3-7 years
- “It is easier to do a job right than to explain why you didn’t.” ...
Martin van Buren

Tax records

- <http://www.irs.gov/>
- Publication 225, Farmer's Tax Guide
- Publication 552, Recordkeeping for Individuals
- Publication 583, Starting a Business and Keeping Records

Some suggestions...



Financial Record-Keeping

- Hand

- Low initial out-of pocket expense
- Easy to implement
- Time-consuming
- More opportunities to make mistakes
- Limited in extent of analysis without time and effort

- Computer

- Higher initial out-of-pocket expense
- May require significant amount of study
- Fast
- Accurate
- Can be a powerful analysis tool

What financial program?

- Paper?
- Excel?
- Quicken?
- Quickbooks?

Cash Flow - Last year
1/1/2011 through 12/31/2011

Category	1/1/2011- 12/31/2011
INFLOWS	
Uncategorized	0.00
Farmers Market Sales	24,050.00
Pick-Your-Own Sales	200.00
On-Farm Sales	29,000.00
Wholesales Sales	43,000.00
TOTAL INFLOWS	96,250.00
OUTFLOWS	
Bank Charges	10.00
Chemicals	2,420.00
Fungicides	210.00
TOTAL Chemicals	2,630.00
Custom Work	250.00
Equipment Purchased	1,000.00
Family Living	25,896.69
Farm Insurance	1,000.00
Fertilizer	3,290.00
Fuel	2,600.00
Interest Paid	
interest	2,445.50
Mortgage	682.50
TOTAL Interest Paid	3,128.00
Irrigation energy	930.00
Labor	14,550.00
Labor Tax	-42.00
Marketing	2,000.00
Miscellaneous	753.56
Office	28.44
Professional Services	500.00
Property Tax	375.00
Repairs	304.53
Tractor	630.47
TOTAL Repairs	935.00
Seed	2,000.00
Supplies	
Containers	8,334.25
Trellis	9.75
TOTAL Supplies	8,344.00
Utilities-Farm	1,567.74
Electric	132.86
Phone	99.40
TOTAL Utilities-Farm	1,800.00
TOTAL OUTFLOWS	71,978.69
OVERALL TOTAL	24,271.31

Cash Flow by Tag - Last year

1/1/2011 through 12/31/2011

1/26/2012

Page 1

Category	Blackberries	Blueberries	Overhead	Okra	Pumpkins	Sweet Corn	OVERALL TOTAL
INFLOWS							
Farmers Market Sales	8,000.00	7,300.00	0.00	0.00	0.00	8,750.00	24,050.00
Pick-Your-Own Sales	0.00	200.00	0.00	0.00	0.00	0.00	200.00
On-Farm Sales	9,000.00	9,000.00	0.00	0.00	0.00	11,000.00	29,000.00
Wholesales Sales	4,000.00	4,000.00	0.00	5,000.00	30,000.00	0.00	43,000.00
TOTAL INFLOWS	21,000.00	20,500.00	0.00	5,000.00	30,000.00	19,750.00	96,250.00
OUTFLOWS							
Bank Charges	0.00	0.00	10.00	0.00	0.00	0.00	10.00
Chemicals	610.00	200.00	40.00	20.00	340.00	1,250.00	2,460.00
Fungicides	0.00	0.00	0.00	0.00	210.00	0.00	210.00
TOTAL Chemicals	610.00	200.00	40.00	20.00	550.00	1,250.00	2,670.00
Custom Work	0.00	0.00	250.00	0.00	0.00	0.00	250.00
Equipment Purchased	0.00	0.00	1,000.00	0.00	0.00	0.00	1,000.00
Farm Insurance	0.00	0.00	1,000.00	0.00	0.00	0.00	1,000.00
Fertilizer	575.00	20.00	0.00	70.00	1,400.00	1,225.00	3,290.00
Fuel	0.00	0.00	2,600.00	0.00	0.00	0.00	2,600.00
Interest Paid							
interest	0.00	0.00	2,445.50	0.00	0.00	0.00	2,445.50
Mortgage	0.00	0.00	682.50	0.00	0.00	0.00	682.50
TOTAL Interest Paid	0.00	0.00	3,128.00	0.00	0.00	0.00	3,128.00
Irrigation energy	930.00	0.00	0.00	0.00	0.00	0.00	930.00
Labor	3,000.00	3,000.00	0.00	1,550.00	4,500.00	2,500.00	14,550.00
Labor Tax	0.00	-42.00	0.00	0.00	0.00	0.00	-42.00
Marketing	0.00	0.00	2,000.00	0.00	0.00	0.00	2,000.00
Miscellaneous	0.00	0.00	753.56	0.00	0.00	0.00	753.56
Office	0.00	0.00	28.44	0.00	0.00	0.00	28.44
Professional Services	0.00	0.00	425.00	0.00	75.00	0.00	500.00
Property Tax	0.00	0.00	375.00	0.00	0.00	0.00	375.00
Repairs	65.00	0.00	304.53	0.00	0.00	0.00	369.53
Tractor	0.00	0.00	630.47	0.00	0.00	0.00	630.47
TOTAL Repairs	65.00	0.00	935.00	0.00	0.00	0.00	1,000.00
Seed	0.00	0.00	0.00	625.00	625.00	650.00	2,100.00
Supplies	0.00	0.00	0.00	0.00	40.00	0.00	40.00
Containers	1,731.25	2,713.00	0.00	500.00	2,490.00	900.00	8,334.25
Trellis	158.75	0.00	0.00	0.00	0.00	0.00	158.75

Production Record Keeping Systems

- <https://www.ssawg.org/gfp-recordkeeping>





Recordkeeping Samples and Templates

Included here are samples and templates from a variety of recordkeeping spreadsheets because we understand no one recordkeeping system fits everyone. There are numerous commercially available recordkeeping systems, which many farmers use with great success. Please enjoy these free resources. We encourage you to share these farmer-friendly tools widely and ask you to share other farmer-friendly tools you think will benefit others with farm financial management. Email us at [Southern SAWG](#). Our intention is to continue to add to this body of resources, as funding permits.

BASIC RECORDKEEPING

The files in the "Basic" folders are just that—very basic. They allow you to store data and see at a glance how things are adding up as you go through the season.

Click each button below to download a template and sample file. Or download a zip file of [all the basic recordkeeping files](#).

IMPORTANT FILE DOWNLOADS

Basic Expenses

Basic Expenses Record Sample

Basic Expenses Record Template

Veggie Compass

Recordkeeping

Presentations and Slideshows

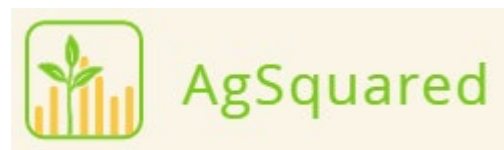
Documents of Interest

Agricultural Service Providers

USING EXCEL

Most of these recordkeeping tools are Excel spreadsheets. You do not have to be an expert in Excel to use these recordkeeping tools, however, a tutorial is available here if needed: [The Basics of Using Excel](#).

The sample records are "read-only" meaning you can study them, but you



Record Keeping Apps (A-Z)

[EID](#) | [4-H](#) | [Farm](#) | [Feed](#) | [Health](#) | [Management](#) | [Marketing](#) | [Pasture](#) | [Record Keeping](#) | [Wool](#)

APP name ↕	Description ↕	Update ↕	iOS ↕	Android ↕	Cost ↕
Lambing Book	Experience the ease of keeping track of lamb records with The Lambing Book.	2018	iTunes		\$20/year
Goat Book	Goat Book is a web-based application, along with a mobile app to help goat producers manage their goat data. It allows you to track kidding data and generate reports by bucks or entire kid crop.	2019	iTunes	Google	\$15/year
Herd	This application helps you track your animals, presenting them clearly and efficiently on your iPhone, iPad, or iTouch. Herd will also track any medication you administer to your animals.	2019	iTunes		\$1.99
HerdBoss	HerdBoss.com is a website that tracks all your sheep, all the time, in a convenient and easy-to-use format that you can get to from anywhere with an Internet connection. Use the free app to enter data in the field or when you don't have an internet connection.	2020	iTunes	Google	Free
Prime Sheep Tracker	We are excited to bring our love of animal husbandry, farming, and data-driven decision making from our family to yours.	2019	iTunes		Free
iHerd	iHerd has been designed to simplify the herd management process for station owners and managers around the world.	04/15	iTunes	Google	Free

WARNING!

- The more complicated any system is the less likely you are to follow through.
- Be aware of costs!

The best recordkeeping system by far...

- The one you will actually use!



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