# Farm Financial Benchmarking

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# What We Have Learned from 50 Years of Farm Benchmarking

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## **Farm Financial Benchmarking**

The process of comparing the performance of an agricultural enterprise against the performance of other similar enterprises, through the use of comparable and reliable data, to identify business management strengths, weaknesses, and steps necessary to improve management performance and business profitability.

# Is there a need for benchmarking in agriculture?



# **On Farm Benchmarking:** How to Do It and How to Do it Better

The evidences shows, "different farmers are getting very different results from the same quantity of inputs."

On Farm Benchmarking: How to Do It and How to Do it Better, J. R. Franks and Jimi Collis, International Farm Management Conference, 2003

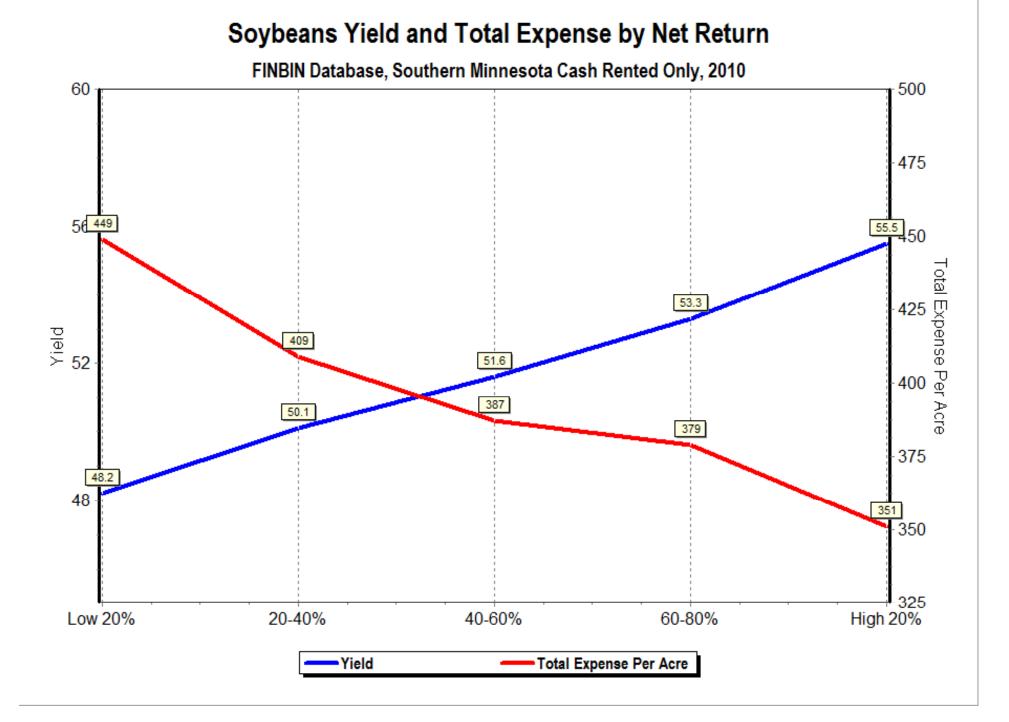


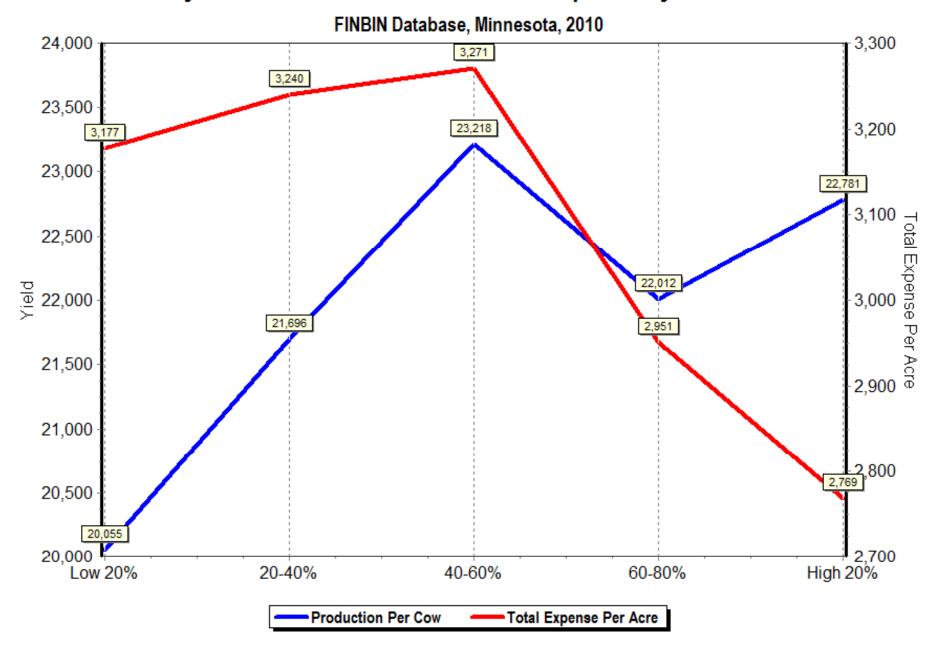
# **Corn by Net Return**

### FINBIN Database, So MN, Cash Rented, 2010

Net Return Group	Lo Return 20 %	20-40%	40-60%	60-80%	Hi Return 20%
Yield	183	187	193	190	195
Gross return (with govt pymts)	\$788	\$852	\$917	\$939	\$1042
Seed	100	97	99	100	96
Fertilizer	129	129	123	108	98
Chemicals	24	25	23	23	24
Rent	179	174	172	161	154
Total direct expenses	582	557	544	503	480
Total expenses	690	653	636	583	559
Net return to operator lbr & mgt	98	199	281	356	483
Cost of production	3.98	3.68	3.49	3.20	2.97

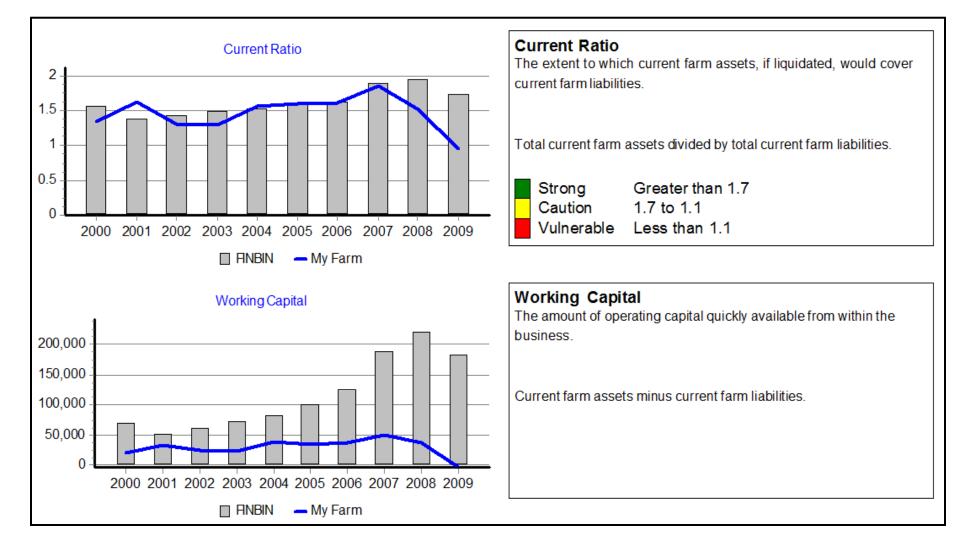






### Dairy Production Per Cow and Total Expense by Net Return

## **FINPACK: Benchmarking at Analysis Time**





## **RankeEm: Benchmarking for the Local Program**

Ending Current Ratio	Ending Working Capital	Ending Working Cap to Rev	Ending Dbt to Ast Market	Rate of Ret on Ast Cost	Rate of Ret on Eq Cost
255.49	5,348,656	236.2	7	33.2	176.1
222.15	1,481,702	215.6	10	23.1	53.1
124.61	1,363,098	182.2	15	17.6	46.5
106.49	1,087,702	172.3	16	16.7	40.2
91.26	1,053,760	168.4	16	14.3	30.2
86.73	1,000,909	167.4	16	14.0	26.9
23.34	952,040	148.7	17	13.5	23.0
18.69	900,526	134.4	18	13.1	22.6
17.09	899,810	130.6	18	12.8	20.9
15.23	876,158	127.1	18	12.2	19.1
12.28	798,640	125.7	18	12.2	17.7
9.36	796,533	123.5	18	12.1	17.2
9.12	795,774	123.4	20	11.6	16.9
8.02	691,110	116.9	21	10.7	16.1
7.89	672,852	115.4	22	10.6	15.1
7.63	662 661	114 1	24	10.5	14.8



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## INBIN Farm Financial Database

#### WELCOME TO FINBIN

Welcome to FINBIN, one of the largest and most accessible sources of farm financial and production benchmark information in the world. FINBIN places detailed reports on whole farm, crop, and livestock financials at your fingertips.

With just a few clicks of the mouse, you can see reports such as:

- Cost and returns from Roundup Ready soybeans
- Dairy cost and returns by size or location of herd
- Farm financial standards measures by type or size of farm

The possibilities are endless. Select Whole Farm Reports, Crop Reports, or Livestock Reports to create your own custom report.

# **FINBIN: Benchmarking On Demand**

Dairy Average Cow								
	1-	51 -	101 -	201 -	Over			
	50	100	200	500	500			
Number of farms	91	199	121	67	27			
Milk sold	2,660.35	3,060.72	3,321.96	3,694.26	3,959.88			
Dairy Calves sold	37.06	30.70	33.43	39.31	35.76			
Transferred out	72.63	66.41	47.85	53.44	20.91			
Cull sales	173.57	183.69	175.04	161.23	190.02			
Other income	36.81	35.88	34.60	29.42	48.16			
Purchased	-106.61	-52.65	-61.89	-42.94	-19.92			
Transferred in	-124.85	-81.15	-77.76	-94.03	-110.56			
Inventory change	67.27	15.15	49.85	38.86	58.74			
Dairy repl net cost	-316.45	-395.94	-429.85	-439.48	-443.93			
Gross margin	2,499.78	2,862.81	3,093.22	3,440.07	3,739.06			
Direct Expenses								
Protein Vit Minerals	342.63	467.38	443.13	492.51	526.29			
Complete Ration	181.55	164.77	240.45	275.35	324.66			
Corn	215.11	227.66	237.21	232.41	224.80			
Corn Silage	207.84	228.96	230.08	240.75	260.81			
Hay, Alfalfa	260.61	204.49	229.54	133.50	140.20			
Havlage Alfalfa	79.53	110 12	95.60	1/0.91	72.80			

## myFINBIN: Benchmarking Against My Peers



## Corn per acre Location:Minnesota,Southwest; Year:2010; Tenure:Cash Rent Acres:251 - 500 acres,501 - 1,000 acres

Harm   Horduari   Count   10%   20%   30%   40%   60%   70%   80%   90%   90%   10%     Yield per and (bu)   194.19   180.09   273   151.37   165.30   174.76   180.20   184.28   187.30   191.53   195.02   193.33   200.74     Value per unit   4.4   4.4   4.4   4.4   4.4   4.8   5.00   5.00   5.50		My Farm	Group Median	Count										
Vield per ande (bu.) 194,19 186,09 273 151,37 166,30 174,72 150,00 164,28 197,20 191,88 198,00 199,33 209,74   Total product value 81,60 841,60 273 422,72 738,54 801,23 827,14 802,34 898,23 922,245 984,77 1,016,85 1,028,81   Gross Return 779,91 576,87 273 632,85 732,54 922,45 894,37 922,45 983,77 1,006,95 1,112,00   Seed 700,91 576,87 273 130,26 117,170,110,33 105,45 101,141,49 283,84 243,49 94,34 91,98,87,76 85,94   Conc ohemials 16,57 174,70 142,67 127,33 112,121 103,34 111,44 28,88 29,98 73,85 66,17 142,67 141,120,178 103,45 114,120 132,8 103,02 11,120 103,34 113,26 111,20 114,120 114,120 114,120 126,160,01 122,24 114,120 126,160,01 122,24 114,120 126,160,01 12		rann	Methan	count	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Value per unit   4.54   4.78   2.73   3.32   4.38   4.46   4.46   4.46   4.48   5.00	Acres	534.00	121.70	273	25.00	41.66	68.00	78.00	100.60	134.95	154.19	292.70	390.00	665.60
Total product value   881.00   881.00   273   642.75   735.54   907.08   895.26   922.35.44   994.70   1.016.98   1.004.98     Gross Return   778.91   876.87   273   642.75   735.54   792.98   821.98   882.21.88   894.67   922.45   983.71   1.006.98   1.012.09     Geod   113.00   227   130.26   117.01   108.87   105.45   101.61   98.94   94.34   93.99   78.30   66.17     Cono inemicals   106.74   12.80   12.76   12.11   103.40   101.44   92.88   22.89   78.30   66.17     Cono inemicals   13.86   13.29   273   27.15   22.84   18.76   10.38 <td>Yield per acre (bu.)</td> <td>194.19</td> <td>186.09</td> <td>273</td> <td>151.37</td> <td>165.30</td> <td>174.76</td> <td>180.00</td> <td>184.28</td> <td>187.30</td> <td>191.58</td> <td>195.02</td> <td>199.33</td> <td>209.74</td>	Yield per acre (bu.)	194.19	186.09	273	151.37	165.30	174.76	180.00	184.28	187.30	191.58	195.02	199.33	209.74
Gross Return   778.91   876.87   273   639.85   735.54   792.96   821.98   802.34   994.57   922.45   963.71   1.006.96   1.112.09     Gross Return   778.91   876.87   273   130.26   117.01   108.37   106.44   101.61   98.94   94.34   91.80   88.70   88.94     Fertilizer   78.00   103.36   226   174.70   142.67   127.33   112.12   10.34   101.44   92.84   11.00.03   88.70   88.94     Orop insurace   13.86   13.39   273   27.15   22.94   11.87   10.04   17.77   82.60     Drying expense   0.00   3.67   173   20.35   44.85   3.24   2.70   24.42   2.350   22.41   19.02   11.12.26   0.78     Piek B.oil   14.78   3.61   27.71   20.35   54.33   44.72   2.40   2.37   12.42   59.05   2.24   2.37   1.77.6   1.39   0.00	Value per unit	4.54	4.78	273	3.92		4.48	4.50	4.74	4.89		5.00	5.50	5.56
Seed   100.3   100.3   273   100.20   117.01   100.37   100.45   100.151   98.94   94.34   91.90   88.92     Fertilizer   78.20   100.36   206   117.01   100.37   100.34   101.44   92.85   82.99   78.30   66.17     Coo ohemicals   16.57   19.36   273   27.15   22.39   10.22   11.11   10.34   12.55   11.11   10.34   81.77   5.86     Drying expense   0.00   3.67   148   82.22   27.02   24.81   26.86   3.64   3.54   3.14   1.32   0.73   12.26   11.11   10.34   10.31   10.32   14.06   13.86   10.30   8.12   10.22   14.00   10.22   14.02   10.02   14.26   10.22   14.02   10.22   14.02   12.26   11.22   10.22   14.02   12.26   12.22   12.26   19.00   11.22   12.26   12.22   12.26   12.22   10.22	Total product value	881.60	881.60	273	642.75	735.54	801.28	825.74	867.09	895.26	923.54	964.70	1,016.89	1,094.81
Fertilizer   78.20   103.36   266   174.70   142.67   127.33   112.12   103.40   101.44   92.88   82.99   78.30   66.17     Coop ohemiosis   16.57   19.86   12.07   77   24.11   20.07   18.52   16.00   13.88   13.29   273   27.15   23.94   18.76   16.04   14.54   12.59   11.11   10.34   8.77   5.86     Drying expense   0.00   3.67   143   21.89   10.02   24.62   23.65   22.41   19.62   11.03   13.28     Reasins   14.78   3.661   273   70.03   54.39   42.77   40.64   33.73   28.75   24.09   19.86   14.46     Miscelianeous   0.00   7.33   260   23.53   17.97   13.84   11.41   8.12   6.93   3.84   2.67   0.81   0.61   9.99   3.84   2.67   0.81   0.61   9.99   13.75   5.59   5.12   3.34 <td>Gross Return</td> <td>779.91</td> <td>876.87</td> <td>273</td> <td>639.85</td> <td>735.54</td> <td>792.96</td> <td>821.98</td> <td>862.34</td> <td>894.57</td> <td>922.45</td> <td>963.71</td> <td>1,006.95</td> <td>1,112.00</td>	Gross Return	779.91	876.87	273	639.85	735.54	792.96	821.98	862.34	894.57	922.45	963.71	1,006.95	1,112.00
Fertilizer   78.20   103.36   266   174.70   142.67   127.33   112.12   103.40   101.44   92.88   82.99   78.30   66.17     Coop ohemiosis   16.57   19.86   12.07   77   24.11   20.07   18.52   16.00   13.88   13.29   273   27.15   23.94   18.76   16.04   14.54   12.59   11.11   10.34   8.77   5.86     Drying expense   0.00   3.67   143   21.89   10.02   24.62   23.65   22.41   19.62   11.03   13.28     Reasins   14.78   3.661   273   70.03   54.39   42.77   40.64   33.73   28.75   24.09   19.86   14.46     Miscelianeous   0.00   7.33   260   23.53   17.97   13.84   11.41   8.12   6.93   3.84   2.67   0.81   0.61   9.99   3.84   2.67   0.81   0.61   9.99   13.75   5.59   5.12   3.34 <td>Seed</td> <td>100.88</td> <td>100.34</td> <td>273</td> <td>130.28</td> <td>117.01</td> <td>108.37</td> <td>105.45</td> <td>101.51</td> <td>98.94</td> <td>94.34</td> <td>91.90</td> <td>88.70</td> <td>85.94</td>	Seed	100.88	100.34	273	130.28	117.01	108.37	105.45	101.51	98.94	94.34	91.90	88.70	85.94
Choo chemicals   16.67   19.86   273   26.77   28.10   27.77   24.11   20.07   18.62   16.00   13.88   10.20   8.15     Crop insurance   13.86   13.29   273   27.15   23.94   18.76   16.04   14.54   12.59   11.1   10.34   8.77   5.88     Dying expense   0.00   3.67   14.21.89   10.82   27.02   24.82   23.50   22.41   19.62   16.03   13.28   10.20   13.88   13.29   13.82   12.42.65   12.60   14.66   24.52   27.02   24.82   23.50   22.41   19.62   16.03   13.28   14.26   0.02   13.88   13.29   13.83   14.66   14.66   14.66   16.03   13.28   12.42.5   18.60   14.62   14.80   0.06   21.63   17.97   13.08   114.48   12.6   98.9   18.50   11.85   14.25   10.16   11.89   14.22   12.83   23.71   13.51   277.7 <td>Fertilizer</td> <td>78.20</td> <td>103.36</td> <td>265</td> <td>174.70</td> <td>142.57</td> <td>127.33</td> <td>112.12</td> <td>103.40</td> <td>101.44</td> <td>92.89</td> <td>82.99</td> <td></td> <td>66.17</td>	Fertilizer	78.20	103.36	265	174.70	142.57	127.33	112.12	103.40	101.44	92.89	82.99		66.17
Crop insurance   13.86   13.29   27.15   23.94   18.77   10.04   14.64   12.89   11.11   10.34   8.77   5.88     Drying expense   0.00   3.67   143   21.89   10.82   8.16   6.87   4.55   3.54   3.54   3.14   1.36   0.73     Fuel & Oil   14.46   24.38   273   41.68   86.24   30.22   27.02   24.82   2.86   3.54   3.54   3.54   3.54   3.54   3.54   3.54   3.54   3.54   3.54   3.55   2.24.09   11.902   11.60.3   11.82   0.92   11.90.2   11.80.6   11.4.66     Land rent   17.17   15.00   22.63   17.97   13.08   11.41   8.12   0.93   1.76   1.39   0.96   0.19     Total direct expenses   42.75   493.94   273   590.78   565.74   537.00   62.06   50.51   3.48   2.49   0.73   0.095   Farm insurance   9.73	Crop chemicals			273										
Dyng expense   0.00   3.87   143   21.89   10.82   8.46   6.87   4.65   3.54   3.14   1.36   0.78     Fuel & oil   14.64   24.38   273   44.68   30.22   27.02   24.82   23.60   22.41   19.62   16.03   13.29     Repairs   14.78   35.61   273   70.3   54.39   48.75   42.70   40.64   33.73   28.75   22.40   19.60   13.29   124.25   59.200   124.25   59.200   124.25   92.001   13.82   11.41   81.14   8.93   3.84   2.67   0.81   0.11   13.90   0.95   0.19     Total direct expenses   42.75   493.94   273   118.61   272.22   23.34   333.74   362.80   449.84   440.44   449.62   54.38   648   78   0.08     Fearm insurance   9.79   5.35   272   14.80   10.16   8.31   7.55   5.90   5.20   3.94   3	Crop insurance													
Repairs   14.78   35.61   273   70.03   54.93   48.75   42.70   40.64   33.73   28.75   24.08   19.86   14.86     Land rent   171.79   115 500   273   221.27   1198.66   183.20   173.38   160.00   150.22   149.03   135.82   124.25   92.00     Miscellaneous   0.00   2.37   107   12.66   4.91   3.36   2.45   2.37   2.37   1.76   1.39   0.95   0.16     Total direct expenses   42.75   493.94   273   596.78   556.74   537.00   520.83   74.84.77   459.80   438.79   4419.27   390.03     Peturn over direct expenses   357.16   385.32   273   118.51   227.27   222.283.34   333.74   92.80   408.44   479.62   543.88   656.771     Hired labor   4.18   5.64   190   14.12   9.28   6.45   5.12   3.42   2.91   0.79   0.08     Fa	Drying expense	0.00	3.67	143	21.89	10.82	8.16	6.87	4.55	3.54	3.54	3.14	1.36	
Repairs   14.78   35.61   273   70.03   64.39   48.75   42.70   40.64   33.73   28.75   24.09   19.66   14.66     Land rent   171.79   155.00   273   221.27   198.66   148.20   173.39   160.00   150.22   149.03   138.82   124.25   92.00     Operating interest   0.00   7.33   260   23.65   17.77   13.86   14.478   35.61   1.78   13.85   2.44   2.37   1.76   1.38   0.96   0.16     Total direct expenses   422.75   493.84   273   178.51   227.22   283.34   333.74   962.80   498.45   440.44   479.62   543.88   668.77     Hired labor   4.18   5.64   196   25.98   19.08   14.12   9.28   6.45   5.12   3.42   2.91   0.79   0.08     Farm insurance   9.79   5.35   272   14.80   10.16   8.31   7.55   5.06   5.2	Fuel & oil	14.64	24.38	273	41.68	36.24	30.22	27.02	24.82	23.50	22.41	19.62	16.03	13.25
Land rent   171.79   156.00   273   221.27   198.66   183.20   173.39   180.00   150.22   149.03   135.82   124.25   92.00     Operating interest   0.00   7.33   260   23.53   17.97   13.08   11.4   8.12   6.98   3.84   2.67   0.81   0.19     Total direct expenses   422.75   493.94   273   596.78   556.74   537.00   520.69   506.37   484.77   459.80   438.79   419.27   390.03     Return over direct expenses   357.16   385.33   273   118.51   227.22   283.34   333.74   362.80   408.45   440.44   479.82   543.88   658.77     Hired labor   4.18   5.64   196   25.98   19.08   14.12   9.28   6.45   5.12   3.42   2.91   0.79   0.08     Farm insurance   9.79   5.35   272   14.80   10.16   8.31   7.25   5.86   5.20   3.94   <	Repairs												19.66	
Operating interest   0.00   7.33   260   23.53   17.97   13.08   11.44   8.12   6.89   3.84   2.67   0.81   0.16     Miscellaneous   0.00   2.37   107   12.06   4.91   3.95   2.44   2.37   1.76   1.39   0.95   0.19     Total direct expenses   422.7   433.94   273   566.74   557.00   500.87   494.77   495.90   438.77   498.20   408.45   440.44   479.62   543.88   658.77     Hied labor   4.18   5.64   196   25.98   19.08   14.12   9.28   6.45   512   3.42   2.91   0.79   0.08     Farm insurance   9.79   5.35   272   14.80   10.18   8.31   7.55   5.90   5.20   3.94   3.46   2.31   1.55     Utilities   0.00   4.98   2.40   17.68   1.90   17.48   1.28   1.22   5.80   5.21   3.94   2.44 <td>Land rent</td> <td></td> <td>155.00</td> <td></td> <td></td> <td>198.66</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>92.00</td>	Land rent		155.00			198.66								92.00
Miscellaneous   0.00   2.37   107   12.66   4.91   3.95   2.45   2.37   2.37   1.76   1.39   0.95   0.19     Total direct expenses   327.7   493.94   273   596.78   666.74   637.00   520.68   500.37   484.77   459.80   438.79   419.27   380.03     Hired labor   4.18   5.64   196   25.89   19.08   14.12   9.28   6.46   5.12   3.42   2.91   0.79   0.08     Farm insurance   9.79   5.35   272   14.80   10.16   8.31   7.55   5.90   5.20   3.94   3.46   2.31   1.58     Utilities   0.00   4.21   276   9.99   9.18   7.06   5.46   4.62   3.83   2.68   2.04   0.87   0.00     Dues & professional fees   5.61   1.96   164   8.83   6.18   4.21   3.72   2.35   1.85   1.14   0.76   0.08   1.41	Operating interest													
Return over direct expenses   367.16   385.33   273   118.51   227.22   283.34   333.74   362.80   408.45   440.44   479.62   543.88   658.77     Hired labor   4.18   5.64   196   25.98   19.08   14.12   9.28   6.45   5.12   3.42   2.91   0.79   0.08     Farm insurance   9.79   5.35   272   14.80   10.16   8.31   7.65   5.90   5.20   3.94   3.46   2.31   1.58     Utilities   0.00   4.21   236   9.99   9.18   7.05   5.46   4.02   3.88   2.04   0.00   0.00   0.00   4.81   2.15   1.00   0.04     Machinery depreciation   6.56   31.4   273   70.34   61.90   47.94   39.97   32.64   29.68   2.747   72.267   17.14   11.38     Building depreciation   16.36   5.58   236   17.46   12.38   9.33   7.76   0.68 <td>Miscellaneous</td> <td></td> <td>2.37</td> <td>107</td> <td></td> <td>4.91</td> <td></td> <td>2.45</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Miscellaneous		2.37	107		4.91		2.45						
Return over direct expenses   367.16   385.33   273   118.51   227.22   283.34   333.74   362.80   408.45   440.44   479.62   543.88   658.77     Hired labor   4.18   5.64   196   25.98   19.08   14.12   9.28   6.45   5.12   3.42   2.91   0.79   0.08     Farm insurance   9.79   5.35   272   14.80   10.16   8.31   7.65   5.90   5.20   3.94   3.46   2.31   1.58     Utilities   0.00   4.21   236   9.99   9.18   7.05   5.46   4.02   3.88   2.04   0.00   0.00   0.00   4.81   2.15   1.00   0.04     Machinery depreciation   6.56   31.4   273   70.34   61.90   47.94   39.97   32.64   29.68   2.747   72.267   17.14   11.38     Building depreciation   16.36   5.58   236   17.46   12.38   9.33   7.76   0.68 <td>Total direct expenses</td> <td>422.75</td> <td>493.94</td> <td>273</td> <td>596.78</td> <td>556.74</td> <td>537.00</td> <td>520.69</td> <td>506.37</td> <td>484.77</td> <td>459.80</td> <td>438.79</td> <td>419.27</td> <td>390.03</td>	Total direct expenses	422.75	493.94	273	596.78	556.74	537.00	520.69	506.37	484.77	459.80	438.79	419.27	390.03
Farm insurance 9.79 5.35 272 14.80 10.05 10.11 5.10 2.11 2.12 2.11 2.12 2.11 2.12 2.11 2.12 2.11 1.11 2.11 1.11 2.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.11 1.1	Return over direct expenses	357.16	385.33	273	118.51	227.22	283.34	333.74	362.80	408.45	440.44	479.62	543.88	658.77
Farm insurance   9.79   5.35   272   14.80   10.16   8.31   7.55   5.90   5.20   3.94   3.46   2.31   1.58     Utilities   0.00   4.21   236   9.99   9.18   7.05   5.46   4.62   3.89   2.68   2.04   0.87   0.00     Dues & professional fees   5.61   1.96   164   8.83   6.18   4.21   3.72   2.35   1.85   1.14   0.75   0.59   0.14     Interest on interm. debt   0.00   4.98   20   17.68   10.24   7.23   0.26   29.69   27.47   22.67   17.14   11.35     Building depreciation   16.36   5.58   235   17.46   12.38   9.33   7.66   0.08   4.74   3.49   2.34   1.28   0.31     Total overhead expenses   113.02   71.41   273   163.87   114.07   100.37   84.04   77.64   64.66   60.46   55.10   3.68   2.77	Hired labor	4 18	5.64	196 [	25.98	19.08	14 12	9.28	6 45	5.12	3 42	2.91	0.79	0.08
Utilities   0.00   4.21   236   9.99   9.18   7.05   5.48   4.62   3.89   2.68   2.04   0.87   0.00     Dues & professional fees   5.61   1.96   164   8.83   6.18   4.21   3.72   2.35   1.85   1.14   0.75   0.59   0.14     Interest on interm. debt   0.00   4.98   240   17.68   10.24   7.23   6.26   5.24   4.09   3.39   2.15   1.00   0.48     Machinery depreciation   16.36   5.58   235   17.46   12.38   9.33   7.68   6.08   4.74   3.49   2.34   1.28   0.31     Miscellaneous   26.51   4.56   280   30.19   13.82   7.92   5.85   5.16   3.56   1.71   1.22   0.88   0.42     Total drik ovhd expenses   13.02   77.141   273   163.87   114.07   100.37   84.04   77.64   64.66   60.46   55.10   46.59	Farm insurance									5 20				
Dues & professional fees   5.61   1.96   164   8.83   6.18   4.21   3.72   2.35   1.86   1.14   0.75   0.59   0.14     Interest on interm. debt   0.00   4.98   240   17.88   10.24   7.23   6.26   5.24   4.09   3.39   2.15   1.00   0.48     Machinery depreciation   60.57   31.34   273   70.34   61.90   47.94   39.97   32.64   29.69   27.47   22.67   17.14   11.35     Building depreciation   16.36   5.58   251   4.56   200   30.19   13.82   7.92   5.85   5.16   3.66   1.71   122   0.82   0.42     Total overhead expenses   113.02   71.41   273   153.87   114.07   100.37   84.04   77.64   64.66   60.46   55.10   46.59   36.99     Total dir & ovhd expenses   535.77   577.69   273   64.13   166.46   203.71   236.91   284.93	Utilities													
Interest on interm. debt   0.00   4.98   240   17.68   10.24   7.23   6.28   5.24   4.09   3.39   2.15   1.00   0.48     Machinery depreciation   50.57   31.34   273   70.34   51.90   47.94   39.97   32.64   29.69   27.47   22.67   17.14   11.35     Building depreciation   16.36   5.58   235   17.46   12.38   9.33   7.86   6.08   4.74   3.49   2.34   1.28   0.31     Miscellaneous   26.51   4.66   260   30.19   13.82   7.92   5.85   5.16   3.66   1.71   1.22   0.88   0.42     Total overhead expenses   13.02   71.41   273   153.87   114.07   100.37   84.04   77.64   64.66   60.46   55.10   46.59   38.99     Total dir & ovhd expenses   535.77   577.69   273   64.13   156.48   203.71   236.91   284.98   322.97   383.17	Dues & professional fees													
Machinery depreciation   50.57   31.34   273   70.34   61.90   47.94   39.97   32.64   29.69   27.47   22.67   17.14   11.35     Building depreciation   16.36   5.58   235   17.46   12.38   9.33   7.66   6.08   4.74   3.49   2.34   1.28   0.31     Miscellaneous   26.51   4.56   260   30.19   13.82   7.92   5.85   5.16   3.56   1.71   1.22   0.88   0.42     Total overhead expenses   113.02   77.69   273   689.64   640.67   614.31   600.03   568.92   507.33   548.22   517.96   488.82   451.23     Net return   244.14   309.41   273   64.13   156.46   203.71   286.91   284.98   328.97   363.17   401.14   455.54   570.07     Government payments   28.70   18.79   273   13.67   15.19   16.98   17.28   18.22   19.11   19.87	Interest on interm, debt													
Building depreciation   16.36   5.58   235   17.46   12.38   9.33   7.66   6.08   4.74   3.49   2.34   1.28   0.31     Miscellaneous   26.51   4.56   260   30.19   13.82   7.92   5.85   5.16   3.56   1.71   1.22   0.88   0.42     Total overhead expenses   113.02   71.41   273   153.87   114.07   100.37   84.04   77.64   64.86   60.48   55.10   46.59   36.99     Total dir & ovhd expenses   535.77   577.69   273   689.64   640.07   614.31   600.03   586.92   567.33   548.22   517.96   488.82   451.23     Net return   244.14   309.41   273   64.13   166.46   203.71   236.91   284.98   328.97   363.17   401.14   455.54   570.07     Government payments   28.70   18.79   273   13.67   15.19   16.98   17.28   18.22   19.11   19.87	Machinery depreciation													
Miscellaneous   26.51   4.56   260   30.19   13.82   7.92   5.85   5.16   3.66   1.71   1.22   0.88   0.42     Total overhead expenses   113.02   71.41   273   153.87   114.07   100.37   84.04   77.64   64.66   60.46   55.10   46.59   36.99     Total dir & ovhd expenses   535.77   577.69   273   689.64   640.07   614.31   600.03   586.92   567.33   548.22   517.96   488.82   451.23     Net return   244.14   309.41   273   64.13   156.46   203.71   236.91   284.98   328.97   363.17   401.14   455.54   570.07     Government payments   28.70   18.79   273   13.67   15.19   16.98   17.28   18.22   19.11   19.87   20.79   21.90   25.41     Net return with govt pymts   272.84   326.80   273   81.80   176.48   221.24   256.04   305.01   343.64	Building depreciation													
Total overhead expenses113.0271.41273153.87114.07100.3784.0477.6464.6660.4655.1046.5936.99Total dir & ovhd expenses535.77577.69273689.04640.67614.31600.03586.92567.33548.22517.96488.82451.23Net return244.14309.4127364.13156.46203.71236.91284.98328.97363.17401.14455.54570.07Government payments28.7018.7927313.6715.1916.9817.2818.2219.1119.8720.7921.9025.41Net return with govt pymts272.84326.8027381.80176.48221.24256.04305.01343.64385.42417.79474.98588.92Labor & management charge170.3251.3627376.7468.6464.1360.7754.5948.1545.5640.1732.7713.76Net return over Ibr & mgt102.52274.4027328.92120.32172.38211.01259.45289.81330.37372.36410.87526.91Direct cost of prod per unit2.182.672733.453.092.942.792.722.632.602.402.282.03Dir & ovhd cost of prod/unit2.763.122733.923.543.353.253.153.082.962.822.702.47COP less govt	Miscellaneous		4.56	260	30,19	13.82		5.85	5.16	3.56		1.22	0.88	
Total dir & ovhd expenses536.77577.69273689.64640.67614.31600.03586.92507.33548.22517.96488.82451.23Net return244.14309.4127364.13156.46203.71236.91284.98328.97363.17401.14455.54570.07Government payments28.7018.7927313.6715.1916.9817.2818.2219.1119.8720.7921.9025.41Net return with govt pymts272.84326.8027381.80176.48221.24256.04305.01343.64385.42417.79474.98588.92Labor & management charge170.3251.3827376.7468.6464.1360.7754.5948.1545.5640.1732.7713.76Net return over lbr & mgt102.52274.4027328.92120.32172.36211.01259.45289.81330.37372.38410.87526.91Direct cost of prod per unit2.182.672733.453.092.942.792.722.632.602.402.282.03Dir & ovhd cost of prod/unit2.763.122733.923.543.353.253.153.082.962.822.702.47COP less govt & other income4.013.042733.833.463.273.143.073.002.872.722.612.37Cost of prod with lbr &	Total overhead expenses		71.41											
Net return   244.14   309.41   273   64.13   156.46   203.71   236.91   284.98   328.97   383.17   401.14   455.54   570.07     Government payments   28.70   18.79   273   13.67   15.19   16.98   17.28   18.22   19.11   19.87   20.79   21.90   25.41     Net return with govt pymts   272.84   326.80   273   81.80   176.48   221.24   256.04   305.01   343.64   385.42   417.79   474.98   588.92     Labor & management charge   170.32   51.36   273   76.74   68.64   64.13   60.77   54.59   48.15   45.56   40.17   32.77   13.76     Net return over lbr & mgt   102.52   274.40   273   28.92   120.32   172.36   211.01   259.45   289.81   330.37   372.36   410.87   526.91     Direct cost of prod per unit   2.18   2.67   273   3.45   3.09   2.94   2.79   2.72	Total dir & ovhd expenses	535.77	577.69			640.67				567.33	548.22		488.82	
Net return with govt pymts   272.84   326.80   273   81.80   176.48   221.24   256.04   305.01   343.64   385.42   417.79   474.98   588.92     Labor & management charge   170.32   51.36   273   76.74   68.64   64.13   60.77   54.59   48.15   45.56   40.17   32.77   13.76     Net return over lbr & mgt   102.52   274.40   273   28.92   120.32   172.36   211.01   259.45   289.81   330.37   372.36   410.87   526.91     Direct cost of prod per unit   2.18   2.67   273   3.45   3.09   2.94   2.79   2.72   2.63   2.50   2.40   2.28   2.03     Dir & ovhd cost of prod/unit   2.76   3.12   273   3.92   3.54   3.35   3.25   3.15   3.08   2.96   2.82   2.70   2.47     COP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.00   2	Net return	244.14	309.41	273	64.13	156.46	203.71	236.91	284.98	328.97	363.17	401.14	455.54	
Net return with govt pymts   272.84   326.80   273   81.80   176.48   221.24   256.04   305.01   343.64   385.42   417.79   474.98   588.92     Labor & management charge   170.32   51.36   273   76.74   68.64   64.13   60.77   54.59   48.15   45.56   40.17   32.77   13.76     Net return over lbr & mgt   102.52   274.40   273   28.92   120.32   172.36   211.01   259.45   289.81   330.37   372.36   410.87   526.91     Direct cost of prod per unit   2.18   2.67   273   3.45   3.09   2.94   2.79   2.72   2.63   2.50   2.40   2.28   2.03     Dir & ovhd cost of prod/unit   2.76   3.12   273   3.92   3.54   3.35   3.25   3.15   3.08   2.96   2.82   2.70   2.47     COP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.00   2	Government payments	28 70	18 79	273	13.67	15 19	16.98	17.28	18 22	19.11	19.87	20.79	21.90	25.41
Labor & management charge   170.32   51.36   273   76.74   68.64   64.13   60.77   54.59   48.15   45.56   40.17   32.77   13.76     Net return over lbr & mgt   102.52   274.40   273   28.92   120.32   172.36   211.01   259.45   289.81   330.37   372.36   410.87   526.91     Direct cost of prod per unit   2.18   2.67   273   3.45   3.09   2.94   2.79   2.72   2.63   2.50   2.40   2.28   2.03     Dir & ovhd cost of prod/unit   2.76   3.12   273   3.92   3.54   3.35   3.25   3.15   3.08   2.96   2.82   2.70   2.47     COP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.07   3.00   2.87   2.72   2.61   2.37     COP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.07   3.00														
Net return over lbr & mgt   102.52   274.40   273   28.92   120.32   172.38   211.01   259.45   289.81   330.37   372.38   410.87   526.91     Direct cost of prod per unit   2.18   2.67   273   3.45   3.09   2.94   2.79   2.72   2.63   2.50   2.40   2.28   2.03     Dir & ovhd cost of prod/unit   2.76   3.12   273   3.92   3.54   3.35   3.25   3.15   3.08   2.96   2.82   2.70   2.47     COP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.07   3.00   2.87   2.72   2.61   2.37     CoP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.07   3.00   2.87   2.72   2.61   2.37     Cost of prod with lbr & mgt   3.64   3.30   273   4.15   3.79   3.56   3.45   3.38   3.24   3.16	· · · ·													
Direct cost of prod per unit 2.18 2.67 273 3.45 3.09 2.94 2.79 2.72 2.63 2.50 2.40 2.28 2.03   Dir & ovhd cost of prod/unit 2.76 3.12 273 3.92 3.54 3.35 3.25 3.15 3.08 2.96 2.82 2.70 2.47   COP less govt & other income 4.01 3.04 273 3.83 3.46 3.27 3.14 3.07 3.00 2.87 2.72 2.61 2.37   Cost of prod with lbr & mgt 3.64 3.30 273 4.15 3.79 3.56 3.45 3.38 3.24 3.16 3.02 2.85 2.50   Machinery cost per acre 79.99 106.22 273 168.44 149.74 138.64 127.00 113.34 101.15 96.25 88.35 83.17 72.13				-										
Dir & ovhd cost of prod/unit 2.76 3.12 273 3.92 3.54 3.35 3.25 3.15 3.08 2.96 2.82 2.70 2.47   COP less govt & other income 4.01 3.04 273 3.83 3.46 3.27 3.14 3.07 3.00 2.87 2.72 2.61 2.37   Cost of prod with lbr & mgt 3.64 3.30 273 4.15 3.79 3.66 3.45 3.36 3.24 3.16 3.02 2.85 2.58   Machinery cost per agre 79.99 106.22 273 168.44 149.74 138.64 127.00 113.34 101.15 96.25 88.35 83.17 72.13			274.40											
COP less govt & other income   4.01   3.04   273   3.83   3.46   3.27   3.14   3.07   3.00   2.87   2.72   2.61   2.37     Cost of prod with lbr & mgt   3.64   3.30   273   4.15   3.79   3.56   3.45   3.38   3.24   3.16   3.02   2.85   2.56     Machinery cost per agre   79.99   106.22   273   168.44   149.74   138.64   127.00   113.34   101.15   96.25   88.35   83.17   72.13														
Cost of prod with lbr & mgt   3.64   3.30   273   4.15   3.79   3.56   3.45   3.38   3.24   3.16   3.02   2.85   2.56     Machinery cost per acre   79.99   106.22   273   168.44   149.74   138.64   127.00   113.34   101.15   96.25   88.35   83.17   72.13	Dir & ovhd cost of prod/unit	2.76	3.12	273	3.92	3.54	3.35	3.25	3.15	3.08	2.96	2.82	2.70	
Machinery cost per acre 79.99 106.22 273 168.44 149.74 138.64 127.00 113.34 101.15 96.25 88.35 83.17 72.13		4.01	3.04	273	3.83									
	Cost of prod with Ibr & mgt	3.64	3.30	273	4.15	3.79	3.56	3.45	3.36	3.24	3.16	3.02	2.85	2.56
Est. labor hours per acre 3.32 2.51 273 4.58 3.58 3.28 2.92 2.68 2.45 2.09 1.98 1.60 1.27	Machinery cost per acre	79.99	106.22	273	168.44	149.74	138.64	127.00	113.34	101.15	96.25	88.35	83.17	72.13
	Est. labor hours per acre	3.32	2.51	273	4.56	3.58	3.26	2.92	2.66	2.45	2.09	1.98	1.60	1.27

# **Limitations of Benchmarking**

- **1.** Ignores economic principals\*
- **2.** Doesn't identify cause and effect\*
- **3. Doesn't help top farmers\***
- 4. It's expensive
  - You don't want your benchmarking to indicate that you are spending too much on benchmarking

## 5. Doesn't recognize unique management practices

\*From: Is farm benchmarking the new acceptable face of comparative analysis?, Fleming, Farrell, Villano, and Fleming, Australian Agribusiness Review, Vol. 14, 2006



# **Interpreting Benchmark Comparisons**

## • Key

- Each farm has a unique situation
- There are reasons for differences
- Some of those reasons are due to the unique goals and management strategies of the farm manager



# What do you need to benchmark your farm?

## **1. Financial metrics for your farm or ranch**

- Accurate and complete
- Consistent with benchmark database

## **2. Database to benchmark against**

- Accurate
- Comparable
- Uniform
- Large enough to be meaningful

# What metrics should we benchmark?

- Whole farm financial ratios and measures
  - Diagnostic
- Enterprise level
  - Prescriptive
- Profit center and cost center
- Activity level

# **How Accurate is Our Data?**

Analysis System	#1	#2	#3	#4	#5
Net Farm Income	158,373	184,815	173,793	124,649	151,730
Adjust for owner wages	47,368			47,368	47,368
Adjust depreciation	-29,126	-6,602	-2,289		12,950
Error					27,800
Net farm income	176,615	178,213	171,504	172,017	239,848

Analysis System	#1	#2	#3	#4	#5
Current Ratio	4.70	6.32	6.57	3.73	6.51
Current assets	407,712	547,364	436,081	407,712	439,891
Deferred pat/oth cur			-40,774		
Dairy calves			10,150		
Breeding livestock		-139,650			
Error					13,900
Total current assets	407,712	407,714	405,457	407,712	453,791

Analysis System	#1	#2	#3	#4	#5
Current Ratio	4.70	6.32	6.57	3.73	6.51
<b>Current liabilities</b>	86,679	86,640	66,422	108,743	67,571
CPLTD			16,513		15,365
Accrued interest		39	3,744	50	3,744
Accrued tax liability				-22,114	
<b>Total current liabilities</b>	86,679	86,679	86,679	86,679	86,680



Analysis System	#1	#2	#3	#4	#5
Total current assets	407,712	407,714	405,457	407,712	453,791
Total current liabilities	86,679	86,679	86,679	86,679	86,680
Current ratio	4.70	4.70	4.68	4.70	5.24

# Key analysis issues – whole farm

- Chart of accounts issues
- Balance sheets at cost or market
- Inventory valuation
- Depreciation
- Value of unpaid labor and management
- Charge for equity capital
- Paid operator labor
- Entities vs sole props

# Key analysis issues – enterprise level

- Transfer costs at cost or market
- Land costs
- Operator labor & management vs. owner withdrawals
- Charge for equity capital
- Government payments
- Other questions
  - Manure value
  - Soybean fertilizer

# **One Final Thought on Benchmarking**

## • You have to do something with them

 An active assessment of strengths and weaknesses and commitment to change



