

Getting Ready to Grow Your Livestock Operation



Where Are You Now?

- **Net Worth Statement, aka Balance Sheet**

- As of January 1
- Show land at both cost, market value
- Spreadsheets are available [C3-20](#)



- **Income Statement, aka Profit and Loss**

- Start with Schedule F income and expenses
- Combine with beginning and ending NW Sts.
- [C3-26](#)

Where Are You Now?

- Key financial ratios
 - Total debt-to-asset ratio
 - $\text{Total liabilities} / \text{total assets}$
 - Current ratio
 - $\text{Current assets} / \text{current liabilities}$
 - Working capital
 - $\text{Current assets} - \text{current liabilities}$
- Look at values for past 3 to 5 years



Where Are You Now?

- Other ratios
 - Net income as % of gross income
 - Gross income per person (FTE)
 - Gross income per \$ of assets
- Total cost per head of livestock
- Feed cost per head or cwt.



Benchmarks

- Farm record associations [C3-55](#)
- FINBIN [CFFM](#)
- Budgets [B1-21](#)
- Past history



Where Are You Going?

- Cash Flow Budget
 - Within the year (bi-monthly or quarterly)
 - Annual, for next 3-4 years, when in transition phase
 - Spreadsheet tools
- Planning prices [B1-10](#)

Business Plan

- Major expansion or new enterprise
- Elements
 - Description of business
 - Assets and skills
 - Potential markets and strategies
 - Financial statements
 - Risk management strategies
 - Financing needed and repayment plan



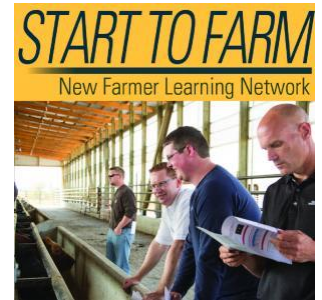
Business Plan

- Ag Decision Maker files [AgDM](#)
- Ag Plan software [Ag Plan](#)



Resources from ISU

- Livestock specialists [map](#)
- Farm management specialists [map](#)
- Farm Financial Planning Associates [list](#)
- Beginning Farmer Center [bfc](#)



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