

Economic Resources for Improved Decision-Making

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Business Plan Resources

Kentucky Center for Agriculture and Rural Development (KCARD)

www.kcard.info

“Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Business”

<http://www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business>

Farm Financial Resources

Farm Finance Scorecard

<https://www.cffm.umn.edu/FINPACKkb/pubs/FarmFinanceScorecard.pdf>

Kentucky Farm Business Management

<http://www.uky.edu/Ag/KFBM/>

University of Minnesota Center for Farm Financial Management

<https://www.cffm.umn.edu/>

FarmDoc

<http://www.farmdoc.illinois.edu/finance/index.asp>

Farm Financial Standards Council

<http://www.ffsc.org>

Cost of Production Resources

Kentucky Enterprise Budgets

<http://www.uky.edu/Ag/AgEcon/extbudgets.php>

Additional Decision Aids

Grain Hauling and Markets

http://www.uky.edu/Ag/AgEcon/shockley_jordan.php

Poultry Litter Value for Grain Crops

http://www.uky.edu/Ag/AgEcon/shockley_jordan.php

Land Values, Cash Rents and Flex Leases

http://www.uky.edu/Ag/AgEcon/halich_greg.php

Custom Machinery Rates

http://www.uky.edu/Ag/AgEcon/halich_greg.php



Partial Budget Example

A producer is looking to purchase a new 12-row corn planter for his operation. When at the dealership the producer noticed a new, high-speed planter technology that is an option on the new planters but is unsure if it is worth it. After speaking the dealer representative, the following information was gathered on the new high-speed planter technology:

- Additional cost of \$26,400 to add the technology on the “traditional” 12-row corn planter
 - o Results in an annual ownership cost of \$1800 in depreciation and \$1300 in interest (6.75% interest, 8 year economic useful life and 45% salvage value)
- Increase in annual repairs and maintenance cost of \$1500 due to driving faster
- Average annual yield benefit of \$5,700 due to timely planting
- Annual operating cost savings (labor) of \$3,000
- Current tractor owned was large enough to pull the new planter with high-speed planting technology

Putting the following information in a partial budget framework results in the following:

Problem: Purchase high-speed planter technology			
Additional Costs:		Additional Revenue:	
<u>Ownership Costs</u>			
Depreciation	\$1,800	Timely Planting	\$5,700
Interest	\$1,300	Operating Costs Savings	\$3,000
<u>Operating Costs</u>			
Repairs	\$1,500		
Reduced Revenue:		Reduced Costs:	
None		None	
A. Total additional costs and reduced revenue	\$4,600	B. Total additional revenue and reduced costs	\$8,700
			<u>\$4,600</u>
		Net Change in Profit (B – A)	\$4,100

Since the Net Change in Profit (B-A) is GREATER than \$0, the purchase of high-speed planter technology is a good economic investment for this example. However, the producer should make sure that they are financially capable of making a long-term investment utilizing the farm financial resources provided.