Making Sense of Your Financial Benchmarks

Joe Horner
University of Missouri Extension

www.dairy.missouri.edu
Where are our weak spots?

Can we compete?
## Livestock Enterprise Analysis
**Farms Sorted By Enterprise Size**

### Dairy -- Average Per Cow

<table>
<thead>
<tr>
<th></th>
<th>Avg. Of All Farms</th>
<th>Up to 50</th>
<th>50 to 100</th>
<th>100 to 200</th>
<th>200 to 500</th>
<th>Over 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms</td>
<td>454</td>
<td>54</td>
<td>160</td>
<td>131</td>
<td>80</td>
<td>29</td>
</tr>
<tr>
<td>Milk sold</td>
<td>4,231.48</td>
<td>3,109.36</td>
<td>3,705.67</td>
<td>3,918.27</td>
<td>4,313.44</td>
<td>4,680.74</td>
</tr>
<tr>
<td>Dairy Calves sold</td>
<td>133.48</td>
<td>84.82</td>
<td>107.66</td>
<td>104.51</td>
<td>116.97</td>
<td>182.35</td>
</tr>
<tr>
<td>Transferred out</td>
<td>46.31</td>
<td>62.16</td>
<td>70.86</td>
<td>55.21</td>
<td>66.90</td>
<td>10.43</td>
</tr>
<tr>
<td>Cull sales</td>
<td>346.59</td>
<td>285.52</td>
<td>333.85</td>
<td>338.91</td>
<td>337.47</td>
<td>369.95</td>
</tr>
<tr>
<td>Other income</td>
<td>46.93</td>
<td>45.90</td>
<td>52.14</td>
<td>30.46</td>
<td>59.35</td>
<td>44.92</td>
</tr>
<tr>
<td>Purchased</td>
<td>-25.83</td>
<td>-65.61</td>
<td>-51.16</td>
<td>-43.77</td>
<td>-20.76</td>
<td>-4.34</td>
</tr>
<tr>
<td>Transferred in</td>
<td>-86.97</td>
<td>-58.03</td>
<td>-60.41</td>
<td>-65.73</td>
<td>-95.32</td>
<td>-107.45</td>
</tr>
<tr>
<td>Inventory change</td>
<td>40.38</td>
<td>90.87</td>
<td>41.60</td>
<td>68.58</td>
<td>17.28</td>
<td>37.36</td>
</tr>
<tr>
<td>Dairy repl net cost</td>
<td>-510.60</td>
<td>-521.69</td>
<td>-537.33</td>
<td>-535.09</td>
<td>-517.80</td>
<td>-475.48</td>
</tr>
<tr>
<td>Gross margin</td>
<td>4,222.48</td>
<td>3,033.30</td>
<td>3,662.96</td>
<td>3,872.41</td>
<td>4,278.81</td>
<td>4,738.77</td>
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</table>

### Direct Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Avg. Of All Farms</th>
<th>Up to 50</th>
<th>50 to 100</th>
<th>100 to 200</th>
<th>200 to 500</th>
<th>Over 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protein Vit Minerals</td>
<td>756.81</td>
<td>431.93</td>
<td>611.55</td>
<td>629.35</td>
<td>787.82</td>
<td>902.29</td>
</tr>
<tr>
<td>Complete Ration</td>
<td>305.31</td>
<td>250.87</td>
<td>209.81</td>
<td>309.42</td>
<td>348.21</td>
<td>309.49</td>
</tr>
<tr>
<td>Corn</td>
<td>231.09</td>
<td>203.40</td>
<td>214.17</td>
<td>210.74</td>
<td>237.81</td>
<td>248.21</td>
</tr>
<tr>
<td>Corn Silage</td>
<td>323.63</td>
<td>226.80</td>
<td>269.56</td>
<td>284.80</td>
<td>321.26</td>
<td>382.41</td>
</tr>
<tr>
<td>Hay, Alfalfa</td>
<td>196.83</td>
<td>313.84</td>
<td>291.24</td>
<td>263.84</td>
<td>178.72</td>
<td>118.40</td>
</tr>
<tr>
<td>Haylage, Alfalfa</td>
<td>145.34</td>
<td>111.09</td>
<td>116.99</td>
<td>105.76</td>
<td>172.65</td>
<td>162.63</td>
</tr>
<tr>
<td>Other feed stuffs</td>
<td>163.50</td>
<td>154.77</td>
<td>215.93</td>
<td>189.00</td>
<td>164.39</td>
<td>123.85</td>
</tr>
<tr>
<td>Breeding fees</td>
<td>52.13</td>
<td>33.72</td>
<td>48.85</td>
<td>45.66</td>
<td>54.40</td>
<td>57.30</td>
</tr>
<tr>
<td>Veterinary</td>
<td>108.61</td>
<td>72.38</td>
<td>95.23</td>
<td>98.84</td>
<td>124.78</td>
<td>109.40</td>
</tr>
<tr>
<td>BST</td>
<td>41.28</td>
<td>3.96</td>
<td>11.88</td>
<td>17.29</td>
<td>50.61</td>
<td>64.63</td>
</tr>
<tr>
<td>Supplies</td>
<td>230.97</td>
<td>213.64</td>
<td>231.72</td>
<td>203.87</td>
<td>218.83</td>
<td>260.99</td>
</tr>
<tr>
<td>Fuel &amp; oil</td>
<td>69.63</td>
<td>59.78</td>
<td>59.19</td>
<td>68.31</td>
<td>74.02</td>
<td>71.84</td>
</tr>
<tr>
<td>Repairs</td>
<td>153.65</td>
<td>116.36</td>
<td>132.05</td>
<td>139.83</td>
<td>158.42</td>
<td>170.82</td>
</tr>
<tr>
<td>Custom hire</td>
<td>55.86</td>
<td>17.56</td>
<td>42.06</td>
<td>50.55</td>
<td>57.23</td>
<td>67.05</td>
</tr>
<tr>
<td>Hired labor</td>
<td>242.92</td>
<td>14.22</td>
<td>67.21</td>
<td>143.40</td>
<td>302.14</td>
<td>350.20</td>
</tr>
<tr>
<td>Hauling and trucking</td>
<td>44.77</td>
<td>67.89</td>
<td>54.42</td>
<td>44.59</td>
<td>31.91</td>
<td>50.35</td>
</tr>
<tr>
<td>Marketing</td>
<td>50.30</td>
<td>41.37</td>
<td>45.35</td>
<td>44.45</td>
<td>51.18</td>
<td>56.25</td>
</tr>
<tr>
<td>Bedding</td>
<td>72.87</td>
<td>32.00</td>
<td>54.93</td>
<td>70.04</td>
<td>88.64</td>
<td>71.63</td>
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<tr>
<td>Total direct expenses</td>
<td>3,245.49</td>
<td>2,365.56</td>
<td>2,772.14</td>
<td>2,919.75</td>
<td>3,423.02</td>
<td>3,577.73</td>
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<tr>
<td>Return over direct expense</td>
<td>976.98</td>
<td>667.74</td>
<td>890.82</td>
<td>952.66</td>
<td>855.79</td>
<td>1,161.04</td>
</tr>
</tbody>
</table>

Source: FINBIN 2015 Upper Midwest - [https://finbin.umn.edu/](https://finbin.umn.edu/)
Livestock Enterprise Analysis  
(Farms Sorted by Enterprise Size)

**Dairy -- Average Per Cwt. Of Milk**

<table>
<thead>
<tr>
<th></th>
<th>All Farms</th>
<th>Up to 50</th>
<th>50 100</th>
<th>100 200</th>
<th>200 500</th>
<th>Over 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms</td>
<td>454</td>
<td>54</td>
<td>160</td>
<td>131</td>
<td>80</td>
<td>29</td>
</tr>
<tr>
<td>Milk sold</td>
<td>17.80</td>
<td>18.18</td>
<td>18.04</td>
<td>17.85</td>
<td>17.62</td>
<td>17.84</td>
</tr>
<tr>
<td>Dairy Calves sold</td>
<td>0.56</td>
<td>0.50</td>
<td>0.52</td>
<td>0.48</td>
<td>0.48</td>
<td>0.69</td>
</tr>
<tr>
<td>Transferred out</td>
<td>0.19</td>
<td>0.36</td>
<td>0.34</td>
<td>0.25</td>
<td>0.27</td>
<td>0.04</td>
</tr>
<tr>
<td>Cull sales</td>
<td>1.46</td>
<td>1.67</td>
<td>1.62</td>
<td>1.54</td>
<td>1.38</td>
<td>1.41</td>
</tr>
<tr>
<td>Other income</td>
<td>0.20</td>
<td>0.27</td>
<td>0.25</td>
<td>0.14</td>
<td>0.24</td>
<td>0.17</td>
</tr>
<tr>
<td>Purchased</td>
<td>-0.11</td>
<td>-0.38</td>
<td>-0.29</td>
<td>-0.20</td>
<td>-0.08</td>
<td>-0.02</td>
</tr>
<tr>
<td>Transferred in</td>
<td>-0.37</td>
<td>-0.34</td>
<td>-0.29</td>
<td>-0.30</td>
<td>-0.39</td>
<td>-0.41</td>
</tr>
<tr>
<td>Inventory change</td>
<td>0.17</td>
<td>0.53</td>
<td>0.20</td>
<td>0.31</td>
<td>0.07</td>
<td>0.14</td>
</tr>
<tr>
<td>Dairy repl net cost</td>
<td>-2.15</td>
<td>-3.05</td>
<td>-2.62</td>
<td>-2.44</td>
<td>-2.11</td>
<td>-1.81</td>
</tr>
<tr>
<td>Gross margin</td>
<td>17.77</td>
<td>17.73</td>
<td>17.83</td>
<td>17.64</td>
<td>17.47</td>
<td>18.06</td>
</tr>
</tbody>
</table>

**Direct Expenses**

<table>
<thead>
<tr>
<th>Item</th>
<th>All Farms</th>
<th>Up to 50</th>
<th>50 100</th>
<th>100 200</th>
<th>200 500</th>
<th>Over 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protein Vit Minerals</td>
<td>3.18</td>
<td>2.53</td>
<td>2.98</td>
<td>2.87</td>
<td>3.22</td>
<td>3.44</td>
</tr>
<tr>
<td>Complete Ration</td>
<td>1.28</td>
<td>1.47</td>
<td>1.02</td>
<td>1.41</td>
<td>1.42</td>
<td>1.18</td>
</tr>
<tr>
<td>Corn</td>
<td>0.97</td>
<td>1.19</td>
<td>1.04</td>
<td>0.96</td>
<td>0.97</td>
<td>0.95</td>
</tr>
<tr>
<td>Corn Silage</td>
<td>1.36</td>
<td>1.33</td>
<td>1.31</td>
<td>1.30</td>
<td>1.31</td>
<td>1.46</td>
</tr>
<tr>
<td>Hay, Alfalfa</td>
<td>0.83</td>
<td>1.83</td>
<td>1.42</td>
<td>1.20</td>
<td>0.73</td>
<td>0.45</td>
</tr>
<tr>
<td>Haylage, Alfalfa</td>
<td>0.61</td>
<td>0.65</td>
<td>0.57</td>
<td>0.48</td>
<td>0.71</td>
<td>0.62</td>
</tr>
<tr>
<td>Other feed stuffs</td>
<td>0.69</td>
<td>0.90</td>
<td>1.05</td>
<td>0.86</td>
<td>0.67</td>
<td>0.47</td>
</tr>
<tr>
<td>Breeding fees</td>
<td>0.22</td>
<td>0.20</td>
<td>0.24</td>
<td>0.21</td>
<td>0.22</td>
<td>0.22</td>
</tr>
<tr>
<td>Veterinary</td>
<td>0.46</td>
<td>0.42</td>
<td>0.46</td>
<td>0.45</td>
<td>0.51</td>
<td>0.42</td>
</tr>
<tr>
<td>BST</td>
<td>0.17</td>
<td>0.02</td>
<td>0.06</td>
<td>0.08</td>
<td>0.21</td>
<td>0.25</td>
</tr>
<tr>
<td>Supplies</td>
<td>0.97</td>
<td>1.25</td>
<td>1.13</td>
<td>0.93</td>
<td>0.89</td>
<td>0.99</td>
</tr>
<tr>
<td>Fuel &amp; oil</td>
<td>0.29</td>
<td>0.35</td>
<td>0.29</td>
<td>0.31</td>
<td>0.30</td>
<td>0.27</td>
</tr>
<tr>
<td>Repairs</td>
<td>0.65</td>
<td>0.68</td>
<td>0.64</td>
<td>0.65</td>
<td>0.65</td>
<td>0.65</td>
</tr>
<tr>
<td>Custom hire</td>
<td>0.24</td>
<td>0.10</td>
<td>0.20</td>
<td>0.23</td>
<td>0.23</td>
<td>0.26</td>
</tr>
<tr>
<td>Hired labor</td>
<td>1.02</td>
<td>0.08</td>
<td>0.33</td>
<td>0.65</td>
<td>1.23</td>
<td>1.33</td>
</tr>
<tr>
<td>Hauling and trucking</td>
<td>0.19</td>
<td>0.40</td>
<td>0.26</td>
<td>0.20</td>
<td>0.13</td>
<td>0.19</td>
</tr>
<tr>
<td>Marketing</td>
<td>0.21</td>
<td>0.24</td>
<td>0.22</td>
<td>0.20</td>
<td>0.21</td>
<td>0.21</td>
</tr>
<tr>
<td>Bedding</td>
<td>0.31</td>
<td>0.19</td>
<td>0.27</td>
<td>0.32</td>
<td>0.36</td>
<td>0.27</td>
</tr>
<tr>
<td>Return over direct expense</td>
<td>4.11</td>
<td>3.90</td>
<td>4.34</td>
<td>4.34</td>
<td>3.49</td>
<td>4.42</td>
</tr>
</tbody>
</table>

Source: FINBIN – 2015 Upper Midwest [https://finbin.umn.edu/](https://finbin.umn.edu/)
### Part I - Farm Income - Cash Method

<table>
<thead>
<tr>
<th>Description</th>
<th>Line 1</th>
<th>Line 2</th>
<th>Line 3</th>
<th>Line 4</th>
<th>Line 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of livestock and other items bought for resale</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Cost or other basis of livestock and other items reported on line 1</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Subtract line 2 from line 1</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of livestock, produce, grains, and other products you raised</td>
<td>$603,598</td>
<td>-$28,036</td>
<td>$575,562</td>
<td>$17.13</td>
<td>$3,579</td>
</tr>
<tr>
<td>Total cooperative distributions (Form(s) 1099-PATR)</td>
<td>$4,869</td>
<td>$4,869</td>
<td>$0.14</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>Agricultural program payments</td>
<td>$1,758</td>
<td>$1,758</td>
<td>$0.05</td>
<td>$11</td>
<td>$11</td>
</tr>
<tr>
<td>Commodity Credit Corporation loans</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Crop insurance proceeds and certain disaster payments</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Custom hire (machine work) income</td>
<td>$2,536</td>
<td>$2,536</td>
<td>$0.08</td>
<td>$16</td>
<td>$16</td>
</tr>
<tr>
<td>Other income, including federal and state gasoline or fuel tax credit or refund</td>
<td>$189</td>
<td>$189</td>
<td>$0.01</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>Gross income</td>
<td>$612,950</td>
<td>-$28,036</td>
<td>$584,914</td>
<td>$17.41</td>
<td>$3,656</td>
</tr>
</tbody>
</table>

### Part II - Farm Expense - Cash and Accrual Method

<table>
<thead>
<tr>
<th>Description</th>
<th>Line 1</th>
<th>Line 2</th>
<th>Line 3</th>
<th>Line 4</th>
<th>Line 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car and truck expenses</td>
<td>$2,653</td>
<td>$2,653</td>
<td>$0.08</td>
<td>$17</td>
<td>$17</td>
</tr>
<tr>
<td>Chemicals</td>
<td>$4,236</td>
<td>$4,236</td>
<td>$0.13</td>
<td>$26</td>
<td>$26</td>
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<tr>
<td>Conservation expenses</td>
<td>$236</td>
<td>$236</td>
<td>$0.01</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>Custom hire (machine work)</td>
<td>$27,325</td>
<td>$27,325</td>
<td>$0.81</td>
<td>$171</td>
<td>$171</td>
</tr>
<tr>
<td>Depreciation and section 179 expense deduction not claimed elsewhere</td>
<td>$24,360</td>
<td>$24,360</td>
<td>$0.73</td>
<td>$152</td>
<td>$152</td>
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<tr>
<td>Employee benefit programs other than on line 25</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Feed purchased</td>
<td>$210,369</td>
<td>$16,935</td>
<td>$29,689</td>
<td>$74,631</td>
<td>$83,621</td>
</tr>
<tr>
<td>Fertilizers and lime</td>
<td>$7,820</td>
<td>$7,820</td>
<td>$0.23</td>
<td>$49</td>
<td>$49</td>
</tr>
<tr>
<td>Freight and trucking</td>
<td>$13,658</td>
<td>$13,658</td>
<td>$0.41</td>
<td>$85</td>
<td>$85</td>
</tr>
<tr>
<td>Gasoline, fuel, and oil</td>
<td>$2,469</td>
<td>$2,469</td>
<td>$0.11</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td>Insurance (other than health)</td>
<td>$4,200</td>
<td>$4,200</td>
<td>$0.13</td>
<td>$26</td>
<td>$26</td>
</tr>
<tr>
<td>Interest</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>a. Mortgage (paid to banks, etc.)</td>
<td>$18,698</td>
<td>$18,698</td>
<td>$0.56</td>
<td>$117</td>
<td>$117</td>
</tr>
<tr>
<td>b. Other</td>
<td>$16,253</td>
<td>$16,253</td>
<td>$0.48</td>
<td>$102</td>
<td>$102</td>
</tr>
<tr>
<td>Labor hired (less employment credits)</td>
<td>$48,364</td>
<td>$48,364</td>
<td>$1.44</td>
<td>$302</td>
<td>$302</td>
</tr>
<tr>
<td>Pension and profit-sharing plan</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>-$28,036</td>
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# Financial Standards Measures 2015

**Benchmark Report, 487 Farms**

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<th>10%</th>
<th>20%</th>
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<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
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</table>

Source: [https://finbin.umn.edu/FmBenchOpts/FmBenchIndex](https://finbin.umn.edu/FmBenchOpts/FmBenchIndex)
**FINANCIAL RATIOS > Calculate My Ratios**

- Current farm assets
- Current farm liabilities
- Total farm assets (market value)
- Total farm liabilities
- Gross cash farm income
- Cull breeding livestock sales
- Total cash farm expense
- Feed expense
- Interest expense
- Feeder livestock purchases
- Owner/operator salaries and benefits included in farm expense
- Estimated economic depreciation
- Inventory change (income items)
- Inventory change (expense items)
- Non-farm income
- Family living expense or owner withdrawals
- Income and social security taxes
- Term debt payments (principal and interest)
- Estimated interest expense on operating loans
- Estimated cash required for capital replacement
- Number of operators

**Continue**
Time management is an oxymoron. Time is beyond our control, and the clock keeps ticking regardless of how we lead our lives. Priority management is the answer to maximizing the time we have.

John C. Maxwell
Find Benchmarking Tools

http://www.agebb.missouri.edu/dairy/events/past.htm