

Computerized Decision Tools

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What kind of information do you need?

- Revenue
- Expenses
- Inventories
- Records (crop, chemical, etc.)



Principles

- From accurate information sound business decisions can be made.



Decision Tools

- Excel Spreadsheets
- Allow producers to “do” the analysis
- Easy to use
- Macro Driven
- Built in Instructions



Farm and Enterprise Profit and Cash Flow (FEPAC)

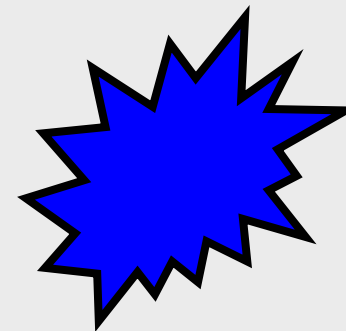
- Forward Looking, farm planning tool
- User inputs marketing and production
 - scenarios for up to eight enterprises
- Each enterprise can have up to four marketing's
- Allows rapid “what if” analysis of changes in pieces and yields resulting from alternative risk management strategies

(cash flow not profitability)



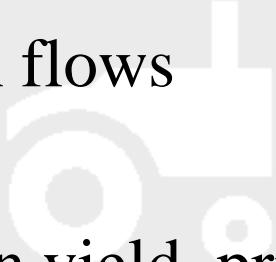
Farm and Enterprise Profit and Cash Flow (FEPAC)

- Starts with enterprise revenue
 - Balances sales with beginning inventories and current production
 - Shows resulting ending inventory
- Enterprise expenses
 - enterprise specific
 - Whole farm expenses allocated by percentages



FEPAC

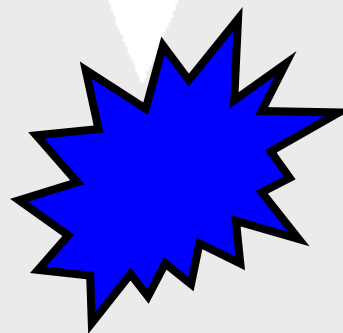
Farm and Enterprise Profit and Cash Flow (FEPAC)

- Enterprise cash Flow report
 - Summarizes whole farm and enterprise cash flows
 - Calculates break-even prices
 - Opportunity for “quick and dirty” changes in yield, price and quantity sold
 - Family cash flow and net farm income
 - Non-farm income and withdrawals
 - Capital use projection and inventory change (accrual) projections
- 

Farm and Enterprise Profit and Cash Flow (FEPAC)

FEPAC Features:

- Simplified menu
- Tutorial
- Adaptable



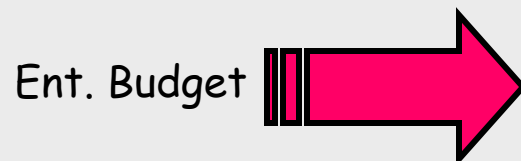
FEPAC

Enterprise Budget (EB) Worksheet

- Knowing cost of production is a vital step in formulating marketing and risk management plans.
- Allows producers to adapt published budgets to own situation.

Enterprise Budget Features

- Change product prices, yields
- Add or delete inputs to operations,
 - change prices or quantities
- Easy deletion or addition of operations
 - recalculate machinery or vehicle fuel, labor and repair costs
- Can build own database of machinery



ECONOMIC COSTS and RETURNS						
Risk Management Education Project						
Wheat Fallow Example Budget						
dryland PNW example						
GROSS INCOME Description						
	Quantity/ acre	Unit	\$/Unit	Total/ acre		
Wheat	50.00	ton	3.05	152.50		
Total GROSS Income				152.50		
VARIABLE COST Description						
	Materials Details		Labor	Machinery	Materials	Total Cost
	quantity	\$/quantity	\$/acre	\$/acre	\$/acre	\$/acre
FALLOW						
Plow			1.06	2.32		3.38
Cultivate			0.85	2.09		2.94
Rodweed			1.62	4.00		5.62
Conservation Practices			0.00	0.25		0.25
Fertilize			0.60	0.98	6.30	7.88
Nitrogen	30.00	0.21				
Total FALLOW				20.07		
PREHARVEST						
Other Machinery			0.00	0.95		0.95
Plant			1.86	5.96	4.84	12.66
Wheat Seed	60.50	0.08				
Spray			0.00	0.00	9.44	9.44

Blue numbers can be changed.

Black numbers can't be changed because they are formula cells.

Add Operation

Delete Operation



Add Material

Delete Material



Address <http://pnw-ag.wsu.edu/risk/>

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Funded by: USDA Risk Management Education Initiative, Cooperative State Research Education and Extension Service, USDA Risk Management Agency, Commodity Futures Trading Commission, USDA Office of Outreach

Learning materials and decision tools for Agricultural Risk Management:
Managing Financial, Production, and Price Risk.

Enter →

The PNW RME site was designed & developed by [Leila Styer](#), WSU CAHE-Computer Resources.

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Web Sites:

- Enterprise Budgets
 - http://osu.orts.edu/Dept/EconInfo/ent_budget/
 - <http://www.uidaho.edu/ag/agecon/publications.htm>
 - http://farm.mngt.wsu.edu/online_publications.htm
- PNW Risk Management Project
 - <http://pnw-ag.wsu.edu/risk/>