

# Farm Planning and Analysis



**Informed decision-making is critical to ensuring success of your farm in today's ever-changing operating environment.** Research and background work need to be done before investing significant time and capital. Developing a good set of financial documents based on solid information is an important step in assessing your business for the upcoming year. It is also useful when looking at altering your business by expanding, adding or deleting enterprises, changing business structure or adding new products.

## To complete useful planning and analysis, you need:

- a good accounting system
- accurate past financial statements
- historical data (longer the better) to make projections from
- realistic market-based pricing of assets

Creating and analyzing your projections can provide a risk assessment of the business, allow you to make management decisions based on hard facts, helps to avoid surprises by quantifying business weakness and strengths and enables you to measure financial progress over longer periods of time. Projections can provide lenders and investors with a realistic understanding of the financial position of the business, outlining the feasibility and risks associated with the business and any proposed changes.

## Analysis of statements and data may help reveal:

- financial problems
- production and marketing issues
- viability and risk issues
- capital and credit problems
- adjustments required
- efficiency issues

Completing the analysis can alert management attention to the strengths and weaknesses of the business, track key information and trends over time and provide physical and financial basis for making management decisions.

[Farmplan](#) is a spreadsheet that can be used to create a co-ordinated set of financial statements for business planning and analysis.

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