



Case Study – Crop Reporting

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Basic Management Questions

- Am I Doing the Right Thing in Crop Production?
 - Should we be planting more spring versus late season crops?
 - Is expanded seed production justifying extra management and associated storage improvements?
 - Rotation Impact?
 - Feed Ration Impact

Basic Management Questions

- My Response Back...
 - What's Your Measuring Criteria
 - Per Unit, Per Acre, ROI?
- In My Mind During Discussion
 - Cost / Profit Center – transfer valuation issues
 - Comparisons across commodities and units
- Conclusion – Do what I can?
 - Focus on per acre values...

Is This Report Correct? NOT!!!

				PRODUCTION MARGIN	
				2005	2006
Alfalfa	Hay	Commercial	Generic	\$11.61	\$10.58
	Silage	Commercial	Generic	(\$15.34)	(\$1.18)
Oats	Seed	Cert	Jerry	\$1.78	\$1.53
			Reeves		\$0.27
	Reg	Jerry	\$1.98	(\$0.41)	
		Reeves	\$2.25	(\$0.41)	
		Stallion		(\$0.41)	
	Grain	Commercial	Generic	\$0.73	(\$0.16)
Hay	Commercial	Generic		(\$3.13)	
Soybeans	Grain	Commercial	Generic	(\$5.22)	
Sweat	Seed	Cert	Grainger	\$1.35	\$1.80
			Russ	\$1.88	\$1.09
	Reg	Grainger	\$2.44	\$1.54	
		Russ	\$2.55	\$1.54	
	Grain	Commercial	Generic	\$0.23	(\$0.07)
					(\$100) \$0 \$100 \$200
				calc \$/acre	calc \$/acre

Crop Centers Setup & Cost Analysis

- My BIGGEST CHALLENGE
 - Proven by numerous new report options and formats – most of them originated from me!
- As I look back...
 - Insufficient thought process and planning
 - Lack of understanding what is needed
 - Especially separation of production and marketing
 - Differentiation of raised and purchased inventories
 - Crop Year concept
 - Importance of UnSold Inventory
 - Crop Share Arrangements

Crop Cost Analysis

- Managerial Accounting Question?
 - Are production (field level) and marketing unique and separate activities?
 - This was my initial understanding (from FFSC work)
 - Early FBS reports designed for one segment only
 - But what is EXPECTED by information users
 - Merge field and marketing segments
 - Push acre denominator to marketing segment
 - Consolidation of both revenue and field costs in same report

Progress This Past Year

- Value of Unsold Inventory module
 - Able to provide analysis before inventory sold
- Denominators are finally working (I think!)
- Consolidated Production and Market Center Reporting
 - Allows both per acre and unit levels for revenues and costs
 - Consolidated reporting at center and project level
 - **STILL NEEDS WORK!**
- Tableau Reporting!

Integration of Production and Marketing @ Project Level

	Grain					
	Sum of Dollars		\$/acre		\$/unit	
	2005	2006	2005	2006	2005	2006
Ext. Crop Sales	213,930	147,255	135	122	\$3.59	\$3.57
Ext. Seed Sales						
Int. Sales						
Total Crop REVENUES	213,930	147,255	135	122	\$3.59	\$3.57
Total OTHER REVENUES	22,061	23,640	14	20	\$0.37	\$0.57
Total MARKETING EXPE..	526	1,604	0	1	\$0.01	\$0.04
NET REVENUES	235,465	169,292	148	141	\$3.95	\$4.10
Seed	12,660	10,520	8	9	\$0.21	\$0.25
Chemicals	34,660	39,334	22	33	\$0.58	\$0.95
Fertilizers	50,949	47,295	32	39	\$0.86	\$1.15
Total INPUT COSTS	98,269	97,148	62	81	\$1.65	\$2.35
Total CUSTOM HIRE	64,017	50,559	40	42	\$1.07	\$1.23
Total MACHINERY COSTS	56,132	49,483	35	41	\$0.94	\$1.20
TOTAL PRODUCTION C..	218,418	197,191	138	164	\$3.67	\$4.78
NET PRODUCTION COS..	195,485	176,579	123	147	\$3.28	\$4.28
PRODUCTION MARGIN	39,980	-7,288	25	-6	\$0.67	(\$0.18)

- Example Tableau Report allowing year to year comparisons
- But still having problems with FBS calculations...

Is This Report Correct? **NOT!!!**

			PRODUCTION MARGIN
			2005
Alfalfa	Hay	Commercial	
	Silage	Commercial	
Corn	Grain	Commercial	
	HMCorn	Commercial	
	Silage	Commercial	
DryPeas	Grain	Commercial	
Grass	Hay	Commercial	
Milo	Grain	Commercial	
Oats	Seed	Cert	
		Reg	
	Grain	Commercial	
Soybeans	Grain	Commercial	
Straw	Hay	Commercial	
Svheat	Seed	Cert	
		Reg	
	Grain	Commercial	
Wwheat	Seed	Cert	
		Reg	
	Grain	Commercial	
			calc \$/acre

Learn From My Mistakes!

- Are crops for feed considered a cost or profit center?
- Don't mixed raised and purchased inventories
- Mixing of cost/profit center reporting
- Don't take short cuts on inventory adjustments or transfers!

Remaining Problematic Issues

- Crop Share Setup & Reporting
 - I don't understand !
 - I recommend putting LandLord Share in CustomWork Center
- Multiple harvest types for single crop/field
 - Silage, corn(grain), earlage
 - Alfalfa silage versus hay (multiple cuttings)
 - Seed Border Production
- Transfer Pricing for Internal Usage
 - Conflict between marketing specialists and accountants!

Summary – Crop Reporting

■ Key Points

- For the more complex setups, dynamite is still being used in R&D
- LOCM/Value Unsold Inventory routine – many unforeseen benefits!
- More Needs Done
 - Multiple harvest types
 - Simplification of report options and setup
 - Transfer valuation discussions

