

BusinessSense To Tackle Data Management Challenges

STATE COLLEGE (Centre Co.) — Participating in a dairy business analysis and benchmark program can shed considerable light on how efficiently a business is performing. However, the information one gets back from participating in such program is only as good as the information that is entered into it.

Transforming data into information is a complex process that involves a number of different steps. An important, but often overlooked, step in information management is data organization, which provides structure to the raw data so it can be processed, reported, and analyzed. Standardization in data organization is critical to developing uniform and useful benchmarks. Producers participating in the BusinessSense Program learn how to imple-

ment this best management practice in information management.

The lack of standardization in how data is organized is particularly prevalent in the dairy industry. While the national Dairy Herd Improvement Association has done a tremendous job in standardizing production records, financial records are another story. The Farm Financial Standards Council has done a sound job in developing guidelines for processing and reporting data for farming businesses in general. However, it has not addressed standardization of data organization for dairy businesses. The chart of accounts in accounting programs provides structure to the financial data of a dairy business.

Developing a standardized chart of ac-

counts for dairy businesses is the initial step in developing better benchmarks. A prime example of the lack of standardization in financial records and how it can affect benchmarks is BST. Since its introduction in 1995, there has been little consistency in classifying BST expenses. Some producers classify it as feed expenses; others as vet expenses, and others as supply expenses. Other producers have set up a separate account for BST. When used as approved, BST expenses will total between \$90-\$100 dollars per cow per year. Vet expenses and supplies expenses often account for similar figures as BST expenses. So business owners who classify BST as vet or supplies expenses might look at a benchmark for these expenses

and wonder why they are spending twice as much as other herds.

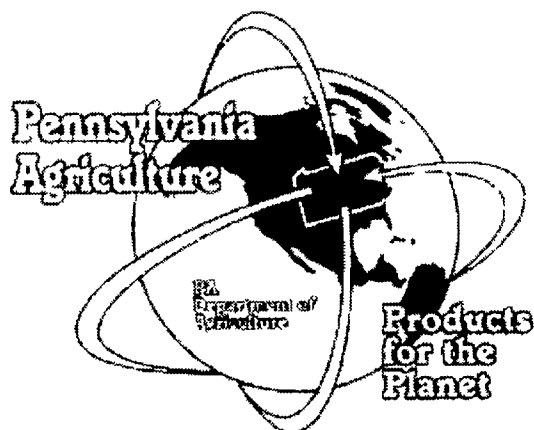
With the turn of a new year comes an opportunity to review how data is organized in your dairy accounting system. Although standardization should be approached on a national level, individuals at Penn State and Cornell Universities, in consultation with leaders from the dairy financial industry, have developed a standardized chart of accounts for dairy businesses operating in the Northeast. The standardized chart of accounts is available in several formats, including a paper copy that shows how to set the system up in any accounting program. The standardized chart of accounts is also available to users of QuickBooks and Perception accounting programs. The chart of accounts has already been set up to operate correctly in these programs. They are available on disks that can be easily restored to your computer. Paper copies and disks can be obtained by sending an email to HYPERLINK "mailto:bhilty@psu.edu" bhilty@psu.edu or by calling (717) 948-6612.

Producers participating in BusinessSense can learn how implementing better business and information management practices can help improve business performance. BusinessSense is a series of three meetings designed to progressively build the participants knowledge and use of best management practices in information and business management. Participants will analyze their dairy business using the Penn State/Cornell Dairy Farm Business Summary and a systematic approach to business analysis.

Program locations for this winter include: Lancaster County for Lancaster and surrounding counties; State College for central counties; Carlisle-Chambersburg area for Cumberland, Franklin, Adams and surrounding counties; Meadville for northwest counties; Troy for Tioga, Bradford, Sullivan and surrounding counties; and Somerset/Bedford for Somerset, Bedford and surrounding counties.

The cost of the program is \$200 per producer. However, a grant from the Northeast Center for Risk Management Education will cover 50 percent of the registration fee. Additional people from the same dairy business can attend for 35 per person. Participation is limited to the first 15-16 producers who register at each location.

For additional information about BusinessSense, including dates and specific locations, or to register for a session near you, please call the Dairy Alliance Office at (888) 373-PADA or e-mail HYPERLINK "mailto:bhilty@psu.edu" bhilty@psu.edu.



Pennsylvania Crop Insurance Program

The PA Crop Insurance Assistance Program has been extended for crop year 2003. Benefits include:

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Enrollment Deadlines:

**January 31 - Adjusted Gross Revenue (AGR)
AGR-Lite**

March 15 - Spring Planted Crops

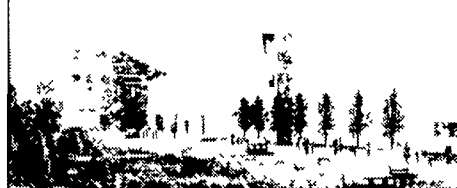
Sam Hayes
Secretary of Agriculture



Pennsylvania encourages growers to have crop insurance protection as part of their farming risk management plan. All policy fees and approximately 20 percent of net premium costs are paid for growers.

Sponsored by the PA Department of Agriculture with cost share support from RMA/USDA.

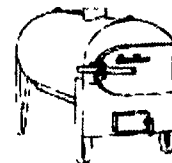
Who built the new Farm Show? What did the Farm Show look like years ago? What happened along the way? Find out about the glories of the past and the new Farm Show to come when we look over 86 years of Farm Show and its new construction in our Farm Show "Showcase" Section in the Jan. 4 issue.



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