

Monitor Dairy Business Performance

UNIVERSITY PARK (Centre Co.) — With the turn of the new year, dairy producers are looking forward to better times ahead.

Yet the challenging times most producers faced in 2002 can represent an opportunity to evaluate how the business performed in less than desirable economic conditions. Milk prices in four of the past six years have been at or near record high levels. Managing a dairy business when prices are in the range of \$15-\$16 per hundredweight milk is certainly less challenging than in the current price environment. Conducting a business analysis in good economic conditions can mask possible weaknesses of the business and distort the owner's perception of the need to take corrective action.

Participating in a dairy business analysis and benchmarking program can help producers determine opportunities to improve business performance. In recent years, Penn State University has formed an alliance with Cornell University to bring the Dairy Farm Business Analysis program to Pennsylvania producers. This program has provided feedback to New York's dairy producers for many decades. The program provides producers with a comprehensive view of how their business is performing. By examining key benchmarks, such as return on assets, operating expense ratio, asset turnover ratio, percent equity and term debt and lease coverage ratio, the Dairy Farm Business Analysis can help producers answer five key questions they must answer in conducting an annual business analysis. Those questions are:

- Is the business profitable? (Is it generating acceptable returns to the resources allocated to it?)
- Is the business financially efficient? (Is it efficient in spending money to produce a product?)
- Is the business capital efficient? (Is the business utilizing capital assets efficiently?)
- Is the business on sound financial footing? and
- Is the business able to meet its financial obligations?

If the answers to any of these questions is "no", the Dairy Farm Business Analysis can provide insight as to why by examining more detail-oriented benchmarks such as a labor efficiency, production efficiency, and cost control indicators. Producers can compare their indicators to benchmarks developed from all the farms that

Cornell Releases Community-Based Ag Guide

ITHACA, N.Y. — The Community, Food and Agriculture Program (CFAP) in the Department of Rural Sociology at Cornell University has announced the publication of "Growing Home: A Guide to Reconnecting Agriculture, Food, and Communities."

Written by Joanna Green and Duncan Hiltchey, "Growing Home" is grounded in the belief that community-based food and agriculture systems initiatives are an effective means for achieving lasting community development. Recognizing the economic, ecological, and social benefits of food and agriculture systems initiatives, this publication is designed to provide agriculture development specialists, economic developers, planners, extension educators, community development advocates, and others interested in strengthening communities with the tools they will need to turn visions into realities.

"Growing Home" includes a discussion of contemporary food and agriculture systems in a globalizing context; an overview of how locally-based agriculture and food systems benefit communities; a section full of ready-to-implement strategies; a step-by-step guide to the community-based food and agriculture development process; and six planning worksheets.

Contents include:

- Understanding the Global Food and Agriculture System;
- Reconnecting Agriculture, Food, and Communities;
- Engaging the Community in Creating a New Vision;
- Examples of "Growing Home" Development Projects and Strategies, and
- Making It Happen in Your Community: Development with a Vision.

To order a copy, contact Gretchen Gilbert at the Community, Food, and Agriculture Program: phone (607) 255-9832 or email gcg4@cornell.edu. Cost is \$25.

To learn more about the Community, Food and Agriculture Program (CFAP) visit CFAP on line at: <http://www.CFAP.org>, or contact Heidi Mouillesseaux-Kunzman, CFAP Program Coordinator, at (607) 255-0417 or hkm1@cornell.edu.

participate in the program to see how they rate in key performance areas.

The Dairy Farm Business Analysis program is an essential component of the BusinessSense program offered by Penn State's Dairy Alliance team. Producers who participate in the BusinessSense program have the opportunity to learn best management practices in business and information management in a hands-on and interactive learning environment. The group discussion sessions provide producers with an opportunity to learn from each other as well as the instructors.

Conducting a dairy farm business analysis and discussing management practices that enhance business performance with fellow producers are two important best management practices that can help dairy producers operate competitively, even in a tight economic environment.

BusinessSense sessions have been scheduled for numerous locations around the state this winter. To learn more about this program, producers can email Brad Hilty, Information Management Specialist with the Dairy Alliance program at HYPERLINK "mailto:bhilty@psu.edu" bhilty@psu.edu or call the Dairy Alliance office at (888) 373-PADA.

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- 2 Keystone Awards.
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Andy Andrews, editor, 13 years of service to *Lancaster Farming*, 21 years in the journalism field. Winner of the 1992 PennAg Ag Journalism of Year honors; winner of 1993 Keystone Press Award; honorable mention, 1995, Keystone Press.

Lou Ann Good, food and family features editor, 15 years of service to *Lancaster Farming*, 18 years in the journalism field, winner of the Dairy Council Inc. Friend of Nutrition Education and National Extension Association of Family and Consumer Sciences honors.

Michelle Kunjappu, staff writer, two years of service to *Lancaster Farming*, three years in the journalism field.

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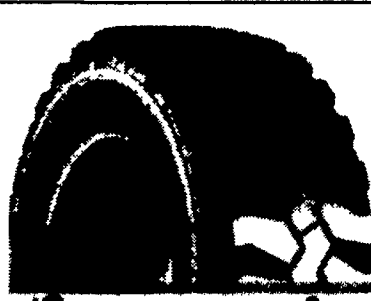
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