

# Improving Farm Financial and Production Records for Better Decision-Making

## ***Importance of Management Information***

- ◆ Increased price volatility and narrow profit margins in production agriculture underscore the importance of sound record-keeping and management information for farm and ranch businesses, many of which manage total assets in excess of one million dollars.
- ◆ With the ever-changing environment of financial software technology, and lenders placing increased emphasis on accurate financial records and improved financial competency, there is a growing need to educate Texas farmers and ranchers on sound record-keeping practices.

## ***Extension's Response: QuickBooks® Financial Software Trainings***

- ◆ To equip producers with better record-keeping skills, Texas AgriLife Extension Service personnel developed a two-day short course to teach farm and ranch businesses basic and intermediate level record-keeping practices using QuickBooks® financial software.
- ◆ The main goal of the workshops is to enable farmers and ranchers the opportunity to improve their financial record-keeping and analysis capabilities, allowing them to make better management decisions.
- ◆ Each session of the course provides education and hands-on training focusing on many core financial practices in Quickbooks®, including: 1) reviewing basic accounting practices, 2) understanding forms and registers, 3) creating a budget and cash flow projection, 4) setting up and managing payroll, and 5) utilizing billing, purchasing, and inventory management options.
- ◆ Since the start of the program, AgriLife Extension has conducted 20 courses for approximately 260 agricultural producers, accountants, loan officers, business owners and managers in the Texas South Plains and High Plains areas.

## ***Economic Impact***

- ◆ Sound financial records allow producers to make better management and marketing decisions, including capital purchases, asset replacement versus continued maintenance, retained ownership of livestock, loan financing, marketing, and crop selection.
- ◆ While it can take several years to fully recognize the value of sound financial records; at the end of the two-day course, participants indicated a potential economic benefit per business of \$1,600 annually resulting from better decision-making through improved financial records.