On the Road to Successful Farming: Developing a Farm Plan

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The farm plan, or farm budget, includes all the expenses and revenue for the farm operation.

- It is used in a decision-making situation where any alternatives affect the use of farm resources, such as changing the combination of farm enterprises, increasing the size of the farm, or introducing a new production practice.
- Main purpose of the farm plan is to estimate the profitability of the farm operation.
- All revenue and expenses can be anticipated using the farm plan.
- Farm plans can be helpful when trying to obtain credit and determining repayment ability.

What TO CONSIDER WHEN PLANNING:

- What should be produced?
- What resources are available?
- When will the production process begin?
- What is the price and quantity of inputs needed?
- What is the expected yield or return?

TIPS FOR BUDGETING AND PLANNING

- Make plans that are consistent with goals.
- Do not plan based on the best possible outcome.
- Consider uncontrollable situations (changing prices, weather, etc).
- Budget the amount of resources needed to accomplish tasks for each month.
- Compare alternative plans so that resources can be budgeted for the best use.
- Budget and plan based on knowledge of past performance.
The farm plan relies on a net farm income budget and other supplementary worksheets.

- Crop Plan, or
- Livestock Plan
- Estimated expense schedule
- Net farm income budget

**CROP PLAN** - Summarizes the crops to be grown and total production 
(yield, market price, revenue)

a. Acres  
b. Yield per acre  
c. Total production (a X b)  
d. Expected price  
e. Expected sales (c X d)

**LIVESTOCK PLAN** - Summarizes the type of livestock produced and total production 
(yield, market price, revenue)

a. Number of livestock produced for sale  
b. Average weight per animal  
c. Total production (a X b)  
d. Expected market price  
e. Expected sales (c X d)

**EXPENSE SCHEDULE** - Estimates the expenses for the year or production season

- Feed  
- Fuel, Gas and Oil  
- Seed  
- Livestock Expenses  
- Fertilizer & chemicals  
- Land Rent or Equipment Lease  
- Labor  
- Supplies  
- Repairs  
- Insurance

**NET FARM INCOME BUDGET** - Summarizes the revenue and expenses for the farm operation

Revenue:  
 a. Crop Sales  
 b. Livestock Sales  
 c. Total Revenue (a + b)

Expenses:  
 d. Operating Expenses  
 e. Debt payments  
 f. Total Expenses (d + e)

Net farm income (c - f)