



## Florida A&M University

### Cooperative Extension Programs

## 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 agricultural operation.***

- ❖ It is used in a decision-making situation where any alternatives affect the use of farm resources, such as changing the combination of agricultural enterprises, increasing the size of the operation, or introducing a new production practice.
- ❖ Main purpose of the farm plan is to estimate the profitability of the agricultural 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. Includes, but not limited to:

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)**

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