On the Road to Successful Farming: Developing a Farm Plan
Vonda Richardson, Extension Marketing Specialist

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 \((a \times b)\)
   d. Expected price
   e. Expected sales \((c \times d)\)

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 \((a \times b)\)
   d. Expected market price
   e. Expected sales \((c \times d)\)

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 \((c - f)\)