

Using the Data

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Benchmarks are an important issue for producers. Why? All producers know what their business has done in the past, usually from what they see on their tax returns or financial documents they prepare for themselves or lenders. These issues are an important part of management, answering the question of how well the business performed during a specific time frame.

Benchmarks allow you to compare how well you do in your business to a sample size of area producers. Benchmarks are also a method you can use to evaluate the performance of all aspects of your individual business in comparison to your peers. Doing a detailed evaluation of your business can indicate strengths and weaknesses and help in developing a business plan.

This is what the annual average reports were compiled for. Besides the financial information that is shown in the reports for the various profitability levels, producers should be looking closely at how the enterprises within your business are performing as they hold the keys to overall profitability. For example, every producer has limited resources of land, labor and capital. Reaching peak efficiencies from each enterprise allows a business to maximize financial returns. Finding these efficiencies needs to remain paramount in any manager's mind.

Take a close look at how your business performed in comparison to your local, regional and state peers. Efficient utilization of your resources is vital to the overall profitability of your business. Continued evaluation of what your business is doing is a year-long exercise. Your farm business analysis and Rankem reports are tools in your possession for continued study and benchmarking.