

Record Keeping: A Plea for Help

Andrew P. Griffith

Collecting and maintaining production and financial records has been a topic of discussion for several decades in the agricultural sector. Some people do a better job of keeping records than others while some people keeping records do a poor job of using those records to improve their operation and situation. Keeping records can be beneficial to all agricultural operations, but there is no reason to collect and maintain records if they are not used to make operational changes!

The first question, why should production and financial records be recorded and maintained? The answer is so strengths and weaknesses in the operation can be identified and evaluated and then managerial decisions can be made maintaining the strengths and improving areas of weakness. If strengths are maintained and weaknesses are improved then the operation will likely be more profitable.

The second question, what production and financial records should be recorded and maintained? Record and maintain information that will be used to evaluate the standing of the operation and used to make changes. As an example, many cow-calf producers in Tennessee use a record keeping system, The Beef Cattle FIRM, developed by University of Tennessee Extension personnel. This record keeping system is primarily for production data such as calving dates, birth weights, weaning weights, sell weight, sell price, vaccination protocol, and much more. The program performs several calculations provided certain information is put into the program. The resulting calculations then provide information to assist the producer in evaluating individual cows, individual bulls, a single calf crop, or the entire cow herd.

One weakness of The Beef Cattle FIRM is its limited financial analysis. In most instances, a farm's financial situation is largely influenced by the production situation. Thus, it is integral for production strengths and weaknesses to be identified and then evaluated to determine their impact on the operations financial situation. For instance, many cow-calf producers push for higher weaning weights because it results in more pounds to market per cow. However, the cost of increasing weaning weights may exceed the additional revenue produced from heavier calves. As an aside, producers should focus on the pounds of calf weaned per unit of their most limiting resource which is typically land or labor, and not focus as much on pounds of calf weaned per cow exposed.

Recognizing many cattle and crop producers keep records, primarily for tax purposes, and the need for information to assist decision making, the University of Tennessee Extension has developed a program entitled Farm Gauge. Farm Gauge is a program in which an area farm management specialist with Extension works one-on-one with a producer to develop financial statements that provide information to make more informed decisions concerning farming operations.

The Farm Gauge program has the potential to result in a strong benchmarking program for the state of Tennessee. This is important because it will then allow producers to compare their production and financial records with the averages of other producers in the state. This comparison provides additional information a producer can utilize to further improve their operation. As an example, if a producer's calving percentage is 83% and the benchmarking average among other participating producers is 88% then the producer probably needs to address this discrepancy. Similarly, if a producer's records show a total feed cost per cow of \$420 and the benchmark average is \$350 per cow then management changes should likely be evaluated to lower feed cost. On the other hand, if a producer's total feed cost per cow is \$320 per cow then the operation is fairly strong as it relates to feed cost.

Production and financial records are important for folks producing livestock, row crops, and specialty crops. The Farm Gauge program was designed to provide Tennessee agricultural producers with information that would enhance decision making and ultimately improve the financial survivability of agricultural operations. There is no reason to keep records if they are not used to make decisions

intended for improvement, but producers may have \$5,000 to \$500,000 reasons to maintain good records and improve the financial situation. For more information concerning Farm Gauge, please visit <https://ag.tennessee.edu/arec/Pages/FarmGauge.aspx>, contact an Extension agent in the area, or contact me at agriff14@utk.edu. Would you like to be able to compare your farm to the average of other farms in Tennessee?