



Are You On a Growth Path?

Norm Brown

The Plan

- Where you are
- Where you need to be
- How you're going to get there



Who are you following?



Your Parochial Advisors

- “LCD” Extension Service
- Farm press
- Production experts
- Financial gurus
- Two-dimensional analysis
- A few multi-disciplinary practices
- Their advice is no better than the information or assumptions you provide



Your Information Sources

- Production
 - “Big data” has arrived
 - Rapidly-evolving standardization
 - High level of automation
 - “Knowledge is power”
 - The “coin of the realm”
 - Moving from optional to mandatory
 - Costs are “plugged”



Your Information Sources

- Accounting
 - Mandatory
 - Unique
 - Subjective
 - Retrospective
 - Often “locked”



Ag Trends

- Scale
- Complexity
- Multi-family/generational
- Professionalism



Three Tiers of Information

- What we have to do
 - Compliance
- Where we want to go
 - Decision Support
- How we get things done
 - Business Processes





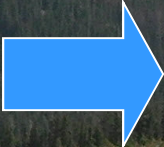
Decision Support



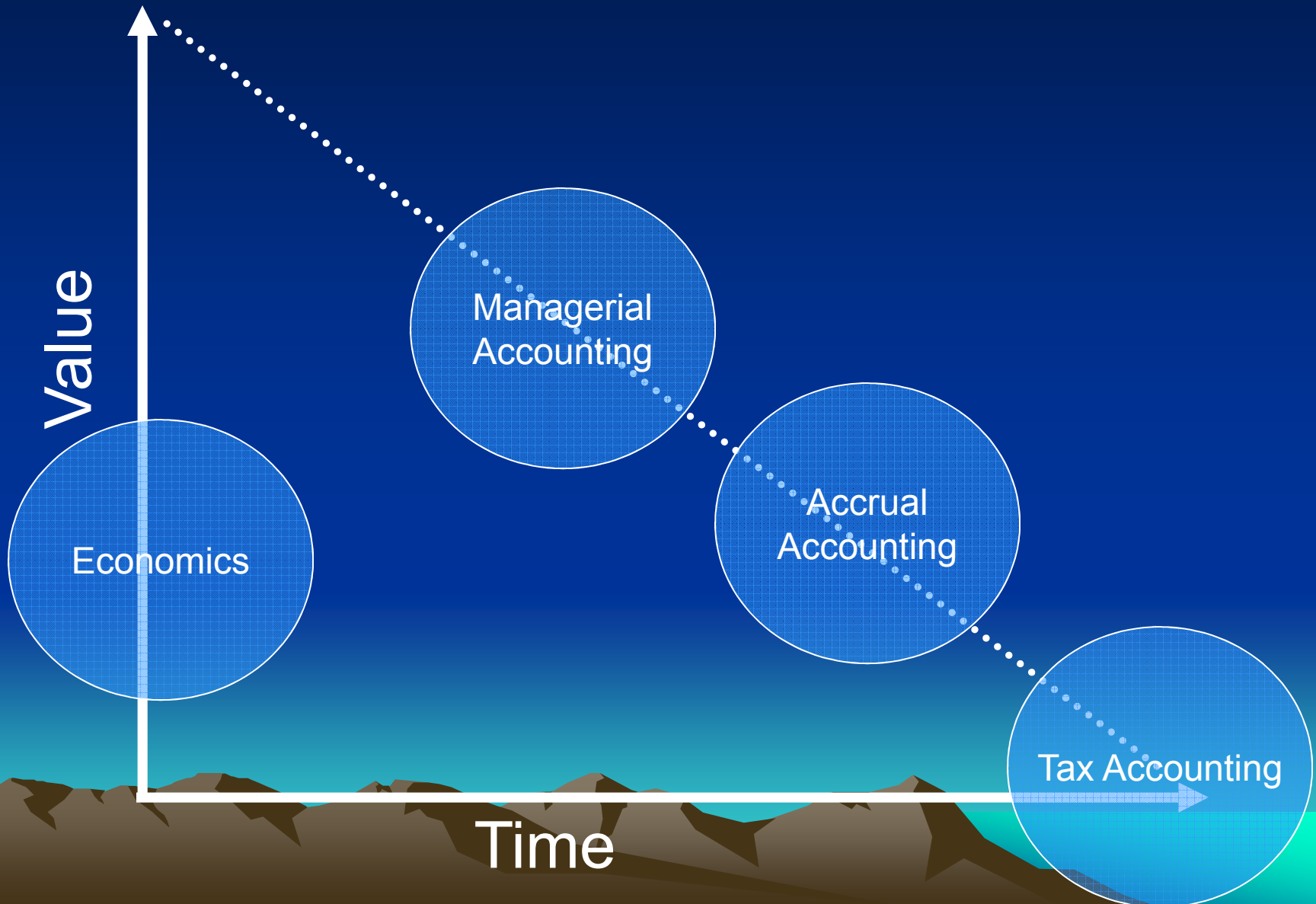
Business Processes



Compliance



Time Value of Information



Compliance

- Payroll / Tax deposits
- Accounts payable
- COOL/Process verification
- EPA
- FSA/Crop insurance
- Landlords
- Loan covenants
- Tax returns



Business Processes

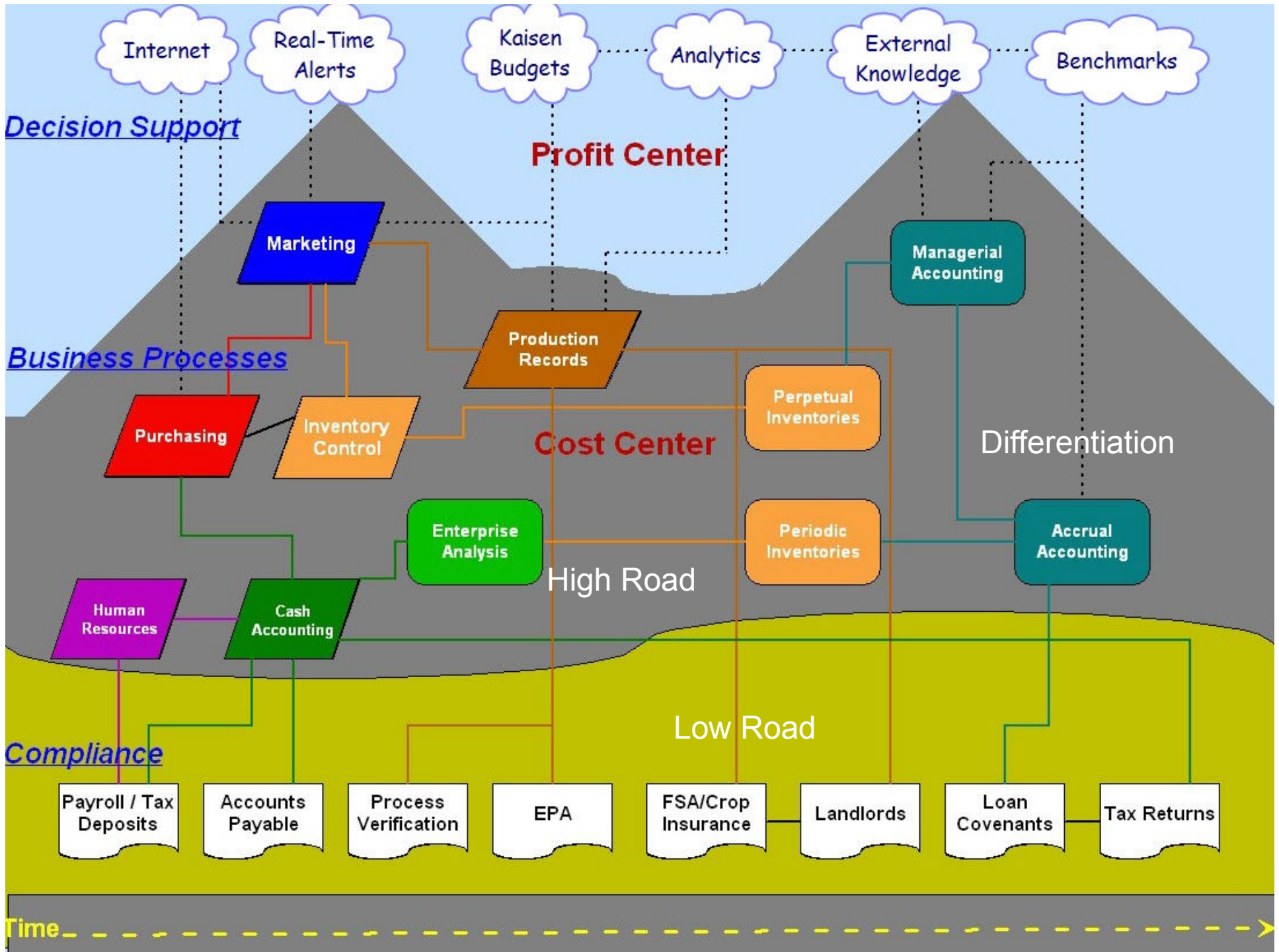
- Accounting
- Production records
- Marketing
- Purchasing
- Inventory control
- Human resources
- Supervising/monitoring all the above

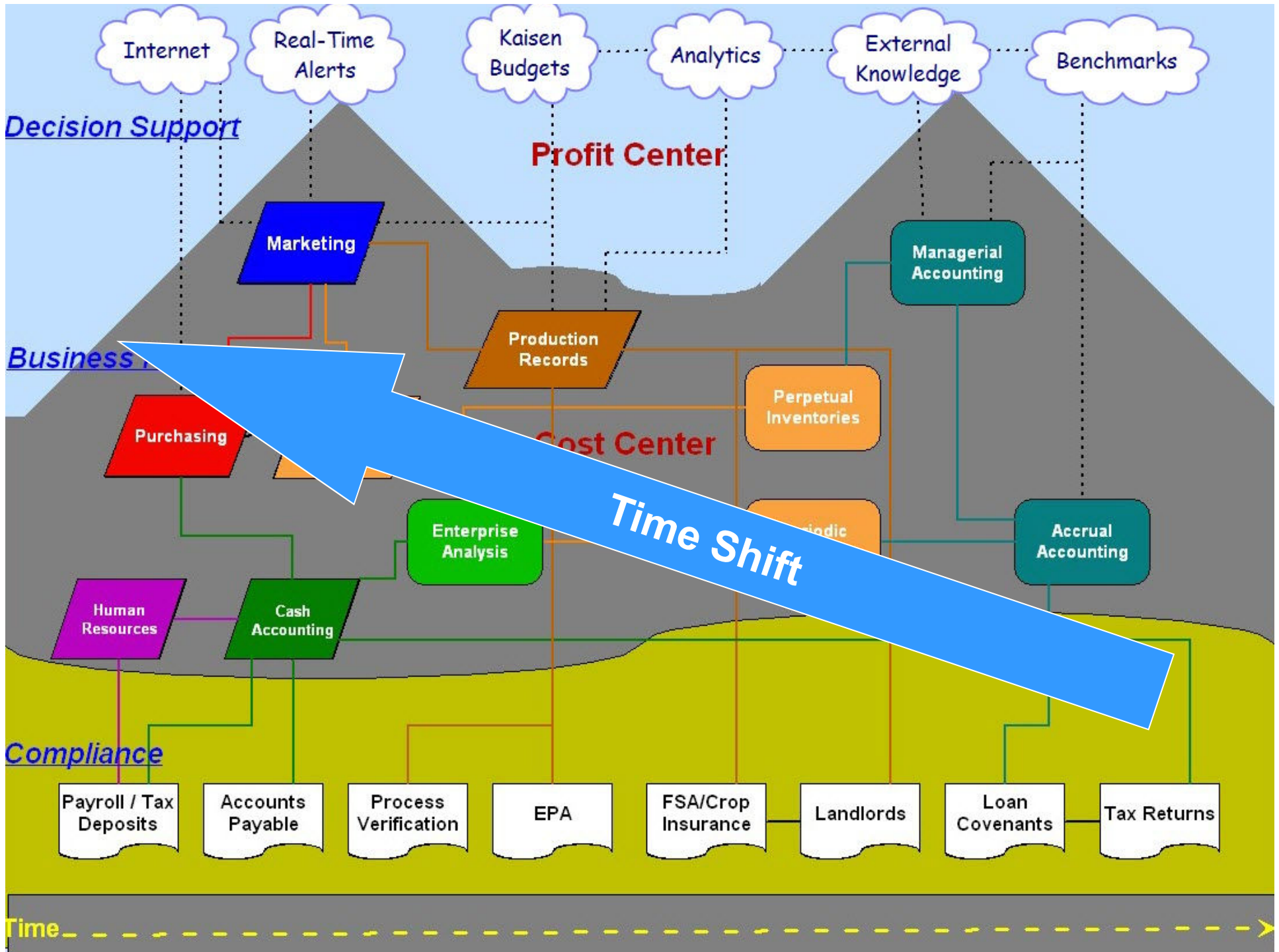


Decision Support

- Kaizen budgets
- Contribution margin
- Internet
- Analytics (SPC, 6 Sigma, etc.)
- Benchmarking
- Real-time alert systems
- External knowledge
- Consultants



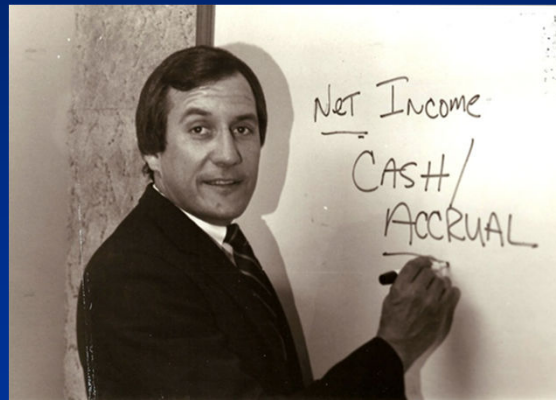




Growth Path Accounting

Thanks to:

- Bill Young



- John McNutt



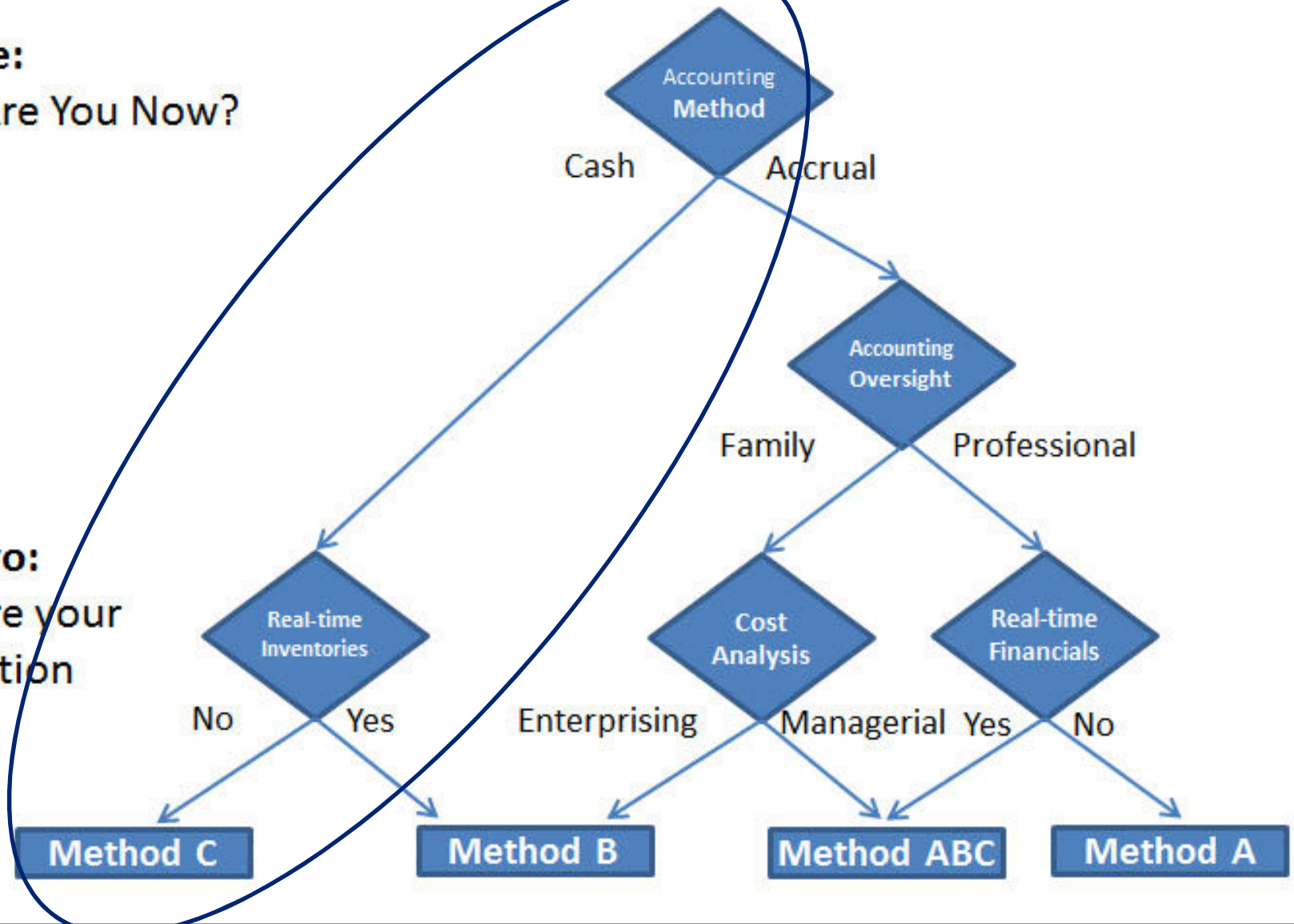
Growth Path Decision Tree

Step One:

Where Are You Now?

Step Two:

What are your information goals?



Method C—Cash Focus

- Non-integrated
- Pure cash accounting
- Limited inventory tracking
- Only see accountant once a year
- Production in separate database

QuickBooks

TransAction Plus
Standard Accounting

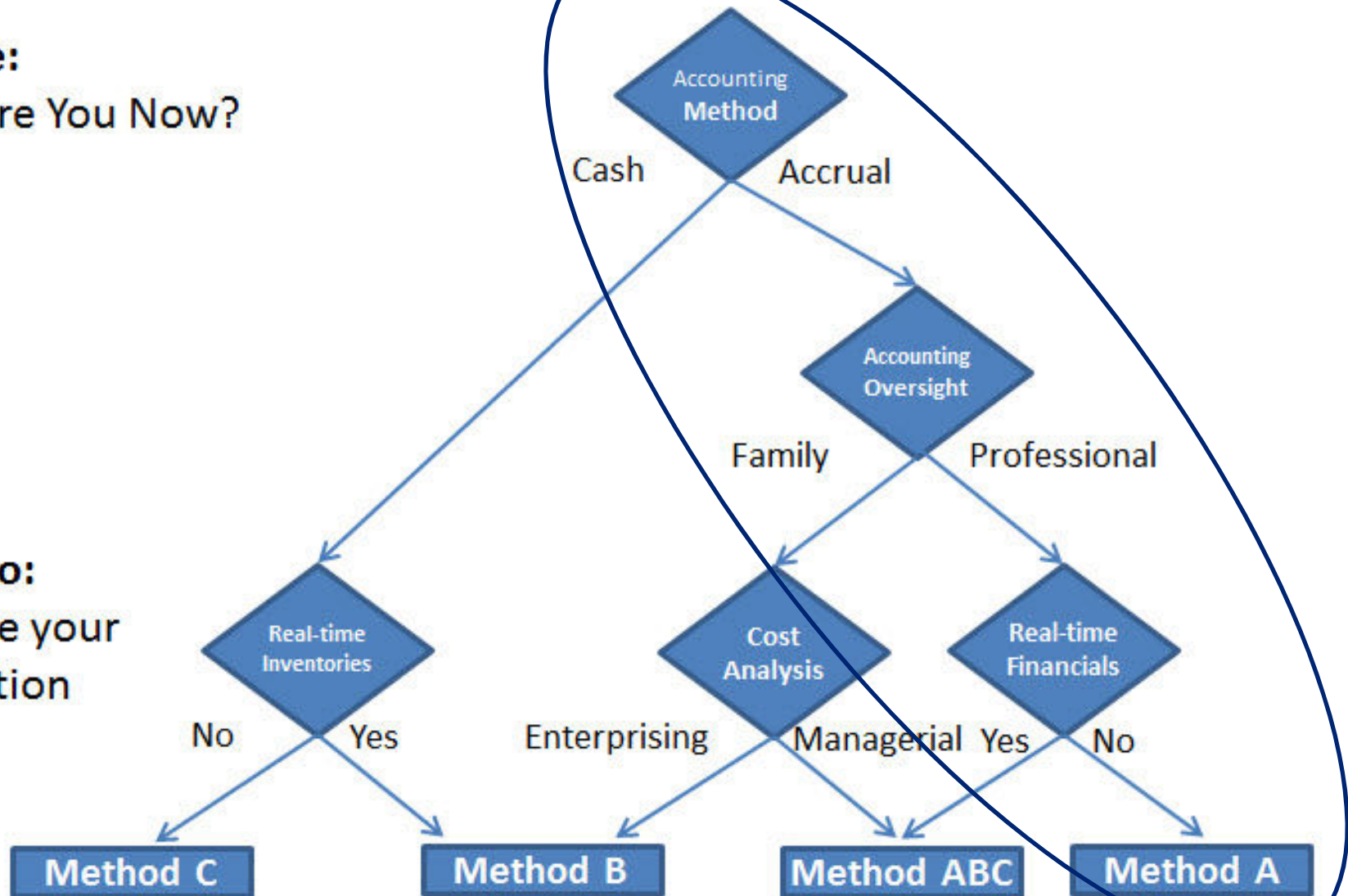
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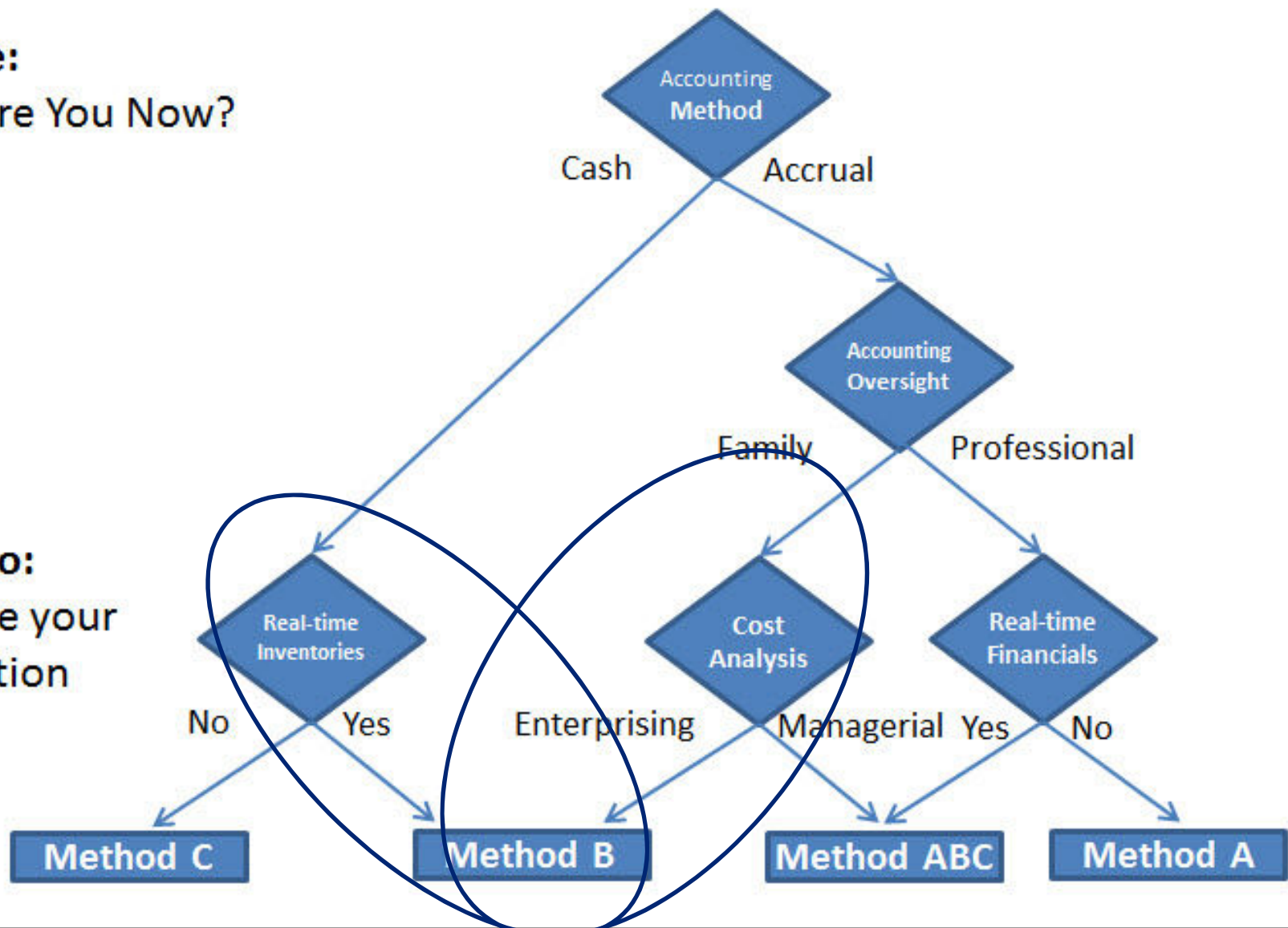
Growth Path Decision Tree

Step One:

Where Are You Now?

Step Two:

What are your information goals?



Method B—Production Focus

- Integrated with Crop Audit / Smart Feeder
- Adjusted accrual financials (user-supplied data)
- Tied-out animal, crop and input inventories
- “Cost analysis” through reports
- Limited professional involvement



TransAction Plus
Standard Accounting



Crop Audit Plus
Production Records

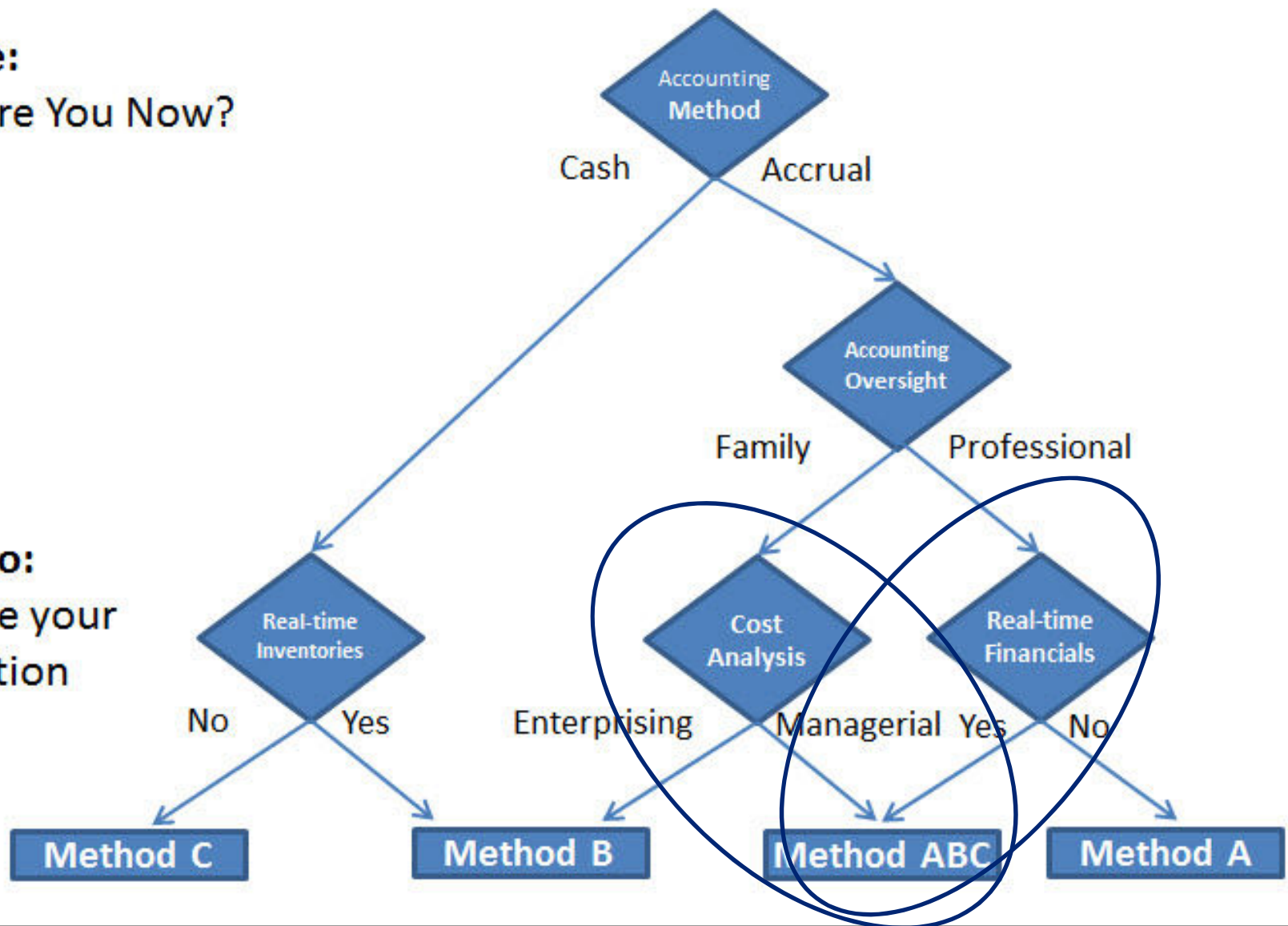
Growth Path Decision Tree

Step One:

Where Are You Now?

Step Two:

What are your information goals?



Method ABC—Integrated Managerial

- Full monthly accrual, tied-out financial statements
- Cost-basis inventories
- Cash posting to cost centers (so actually simpler)
- Staff and professional accounting involvement
- Managerial accounting



e.CLIPSE

Managerial Accounting

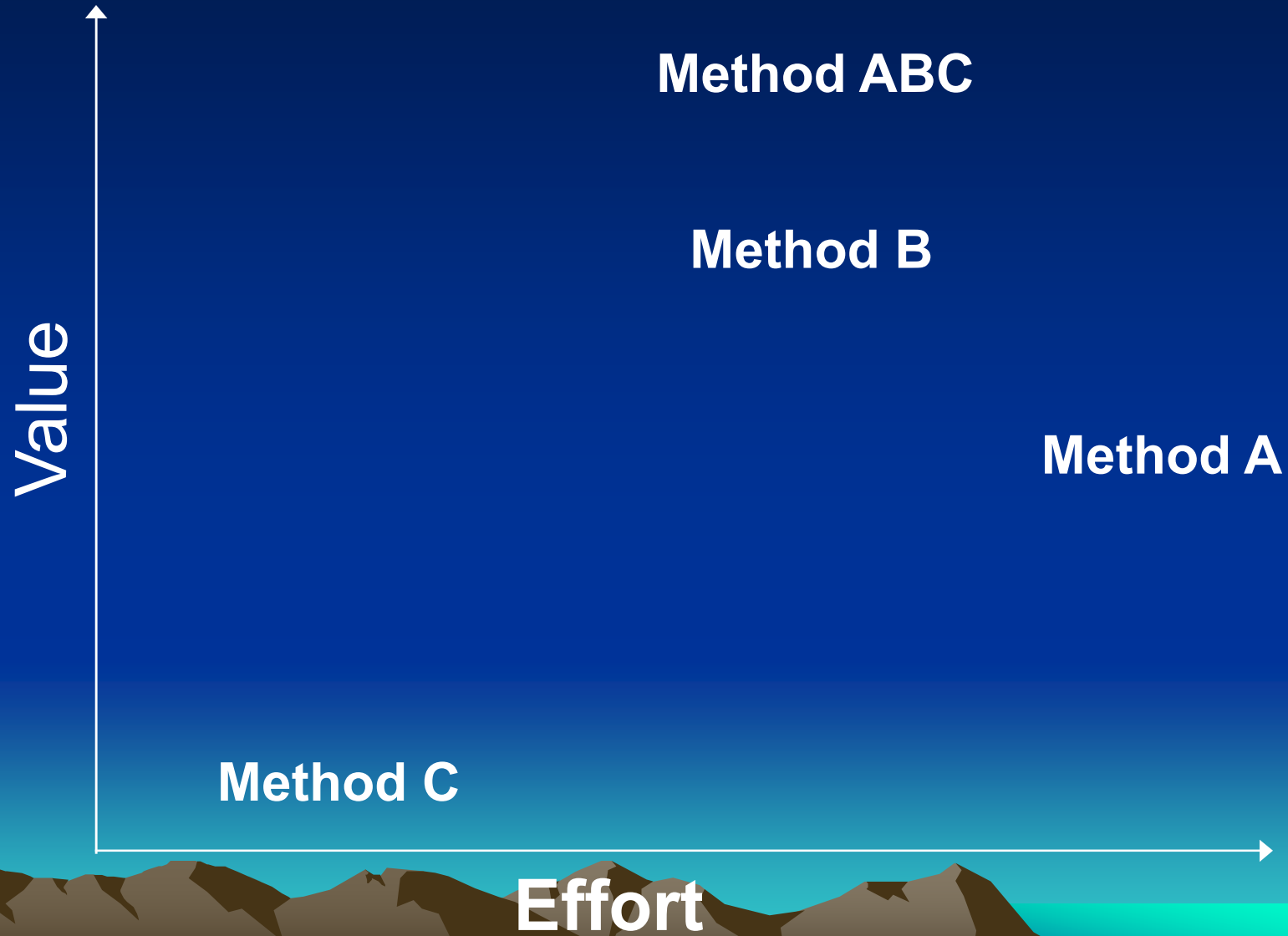
TransAction Plus

Standard Accounting

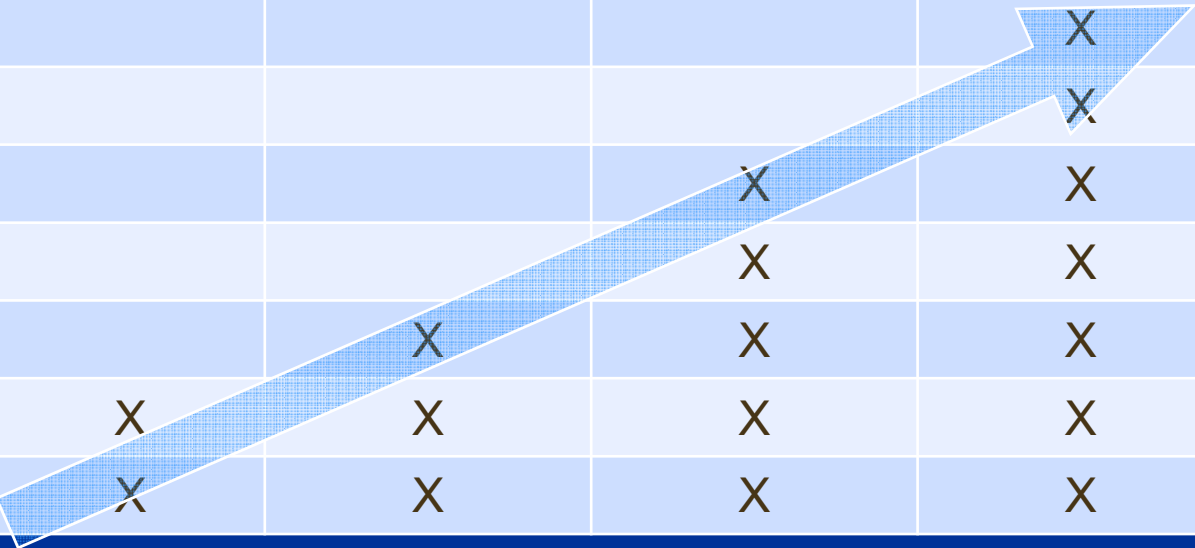
Crop Audit Plus

Production Records

Growth Path



Financial Growth Path



Level	Method C	Method A	Method B	Method ABC
Mgmt. Zone				X
Group/Project				X
Center			X	X
Crop Year			X	X
Commodity		X	X	X
Ledger	X	X	X	X
Company	X	X	X	X

Ultimate Accounting Objectives

- **Control in same granularity as you manage**
- Inter-company transactions and reporting
- Real-time inventories from internal/external events
- Simultaneous cash, accrual and market values
- Managerial accounting drives financial reports
- Interactive budgeting and projections



Tools

- **I**ntegration
- **N**etworking
- **K**nowledge

The challenge

Cost Accounting

Cash Accounting

Accrual Financials

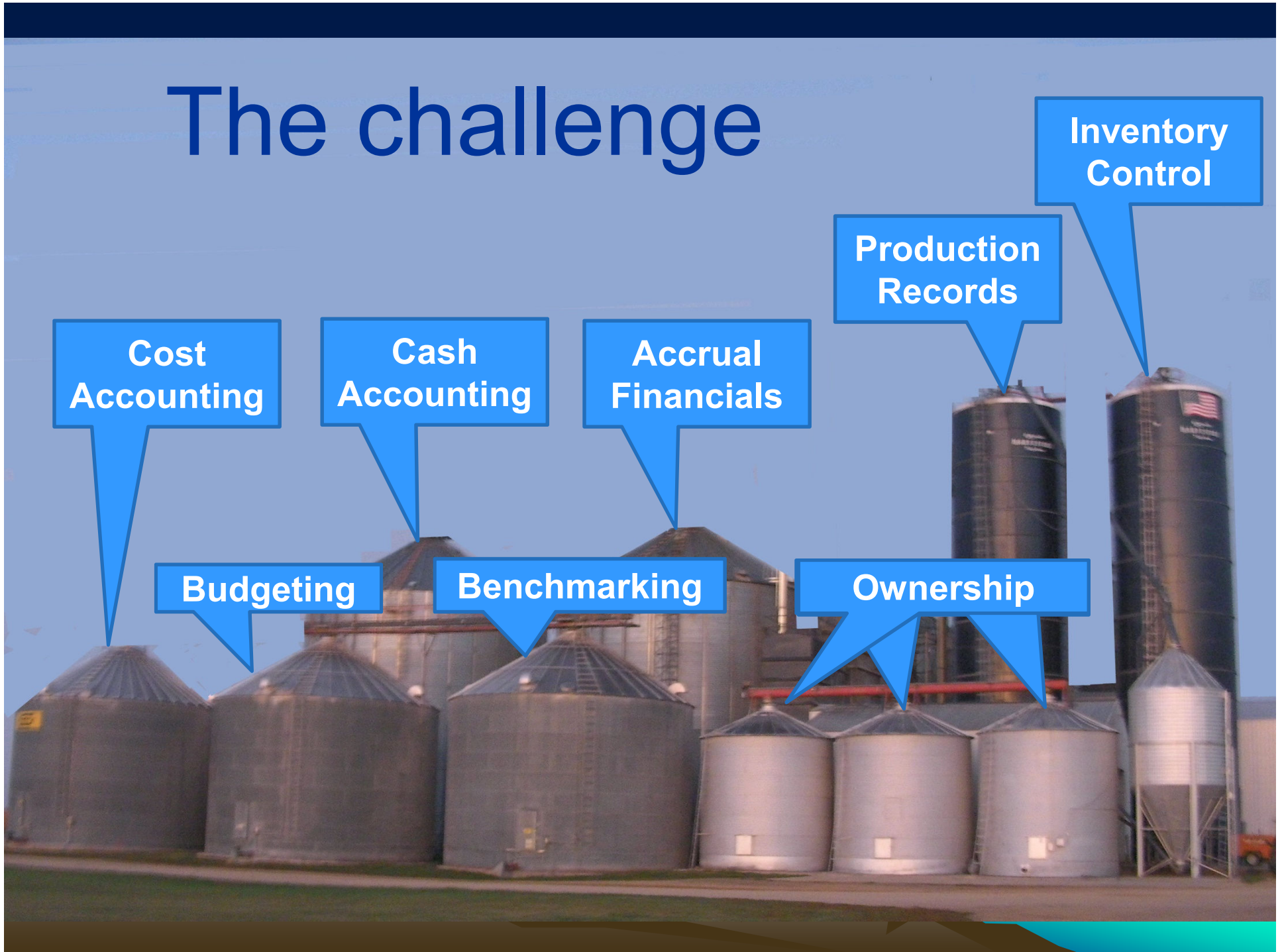
Production Records

Inventory Control

Budgeting

Benchmarking

Ownership



What if?

Cost Accounting

Cash Accounting

Accrual Financials

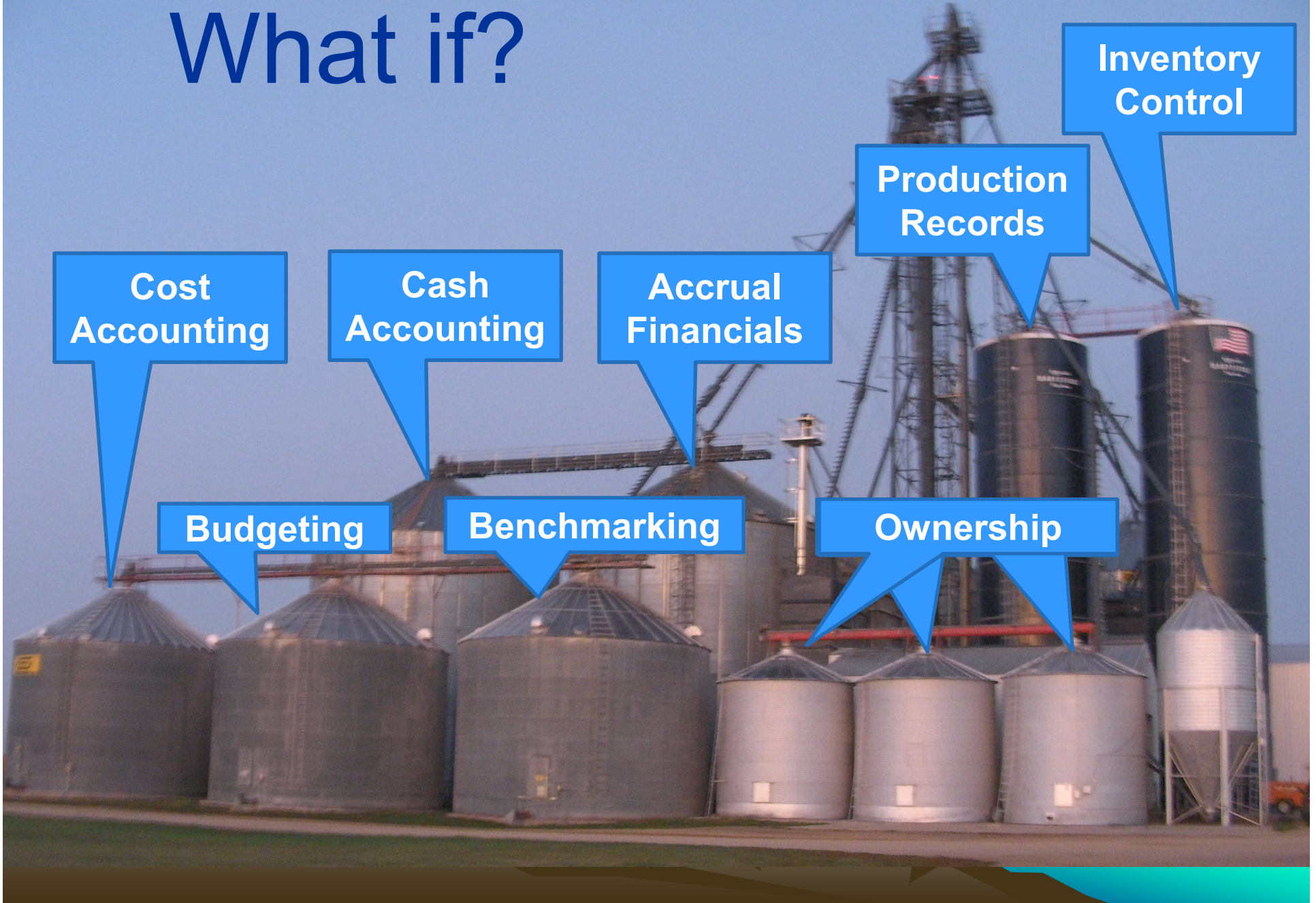
Budgeting

Benchmarking

Ownership

Production Records

Inventory Control





Production Special

Financial Express

What's driving integration?

- “Multiple-Entryitis”
- “Free information”
- Historical product costs
- Margin management
- Real-time inventories
- Inventory valuation / financial statements
- Unexpected benefits

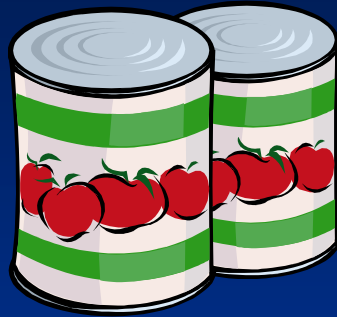


Electronic Path

- One-time import
 - From other programs
 - From Excel “prototype”
- Continuous import
 - 50 Interfaces
 - Other programs
 - Red Wing Payroll / Depreciation
 - Quickbooks A/R



Canned or Bespoken?



- America's largest industry
- Commodities
- Standard practices
- Low price/expectations
- Herd mentality
- Outsource tech support
- Information is a commodity
- Large-scale businesses
- "Site-specific" management
- Specialized departments
- High expectations
- Leaders
- "High-touch" consulting
- Information is a strategic advantage

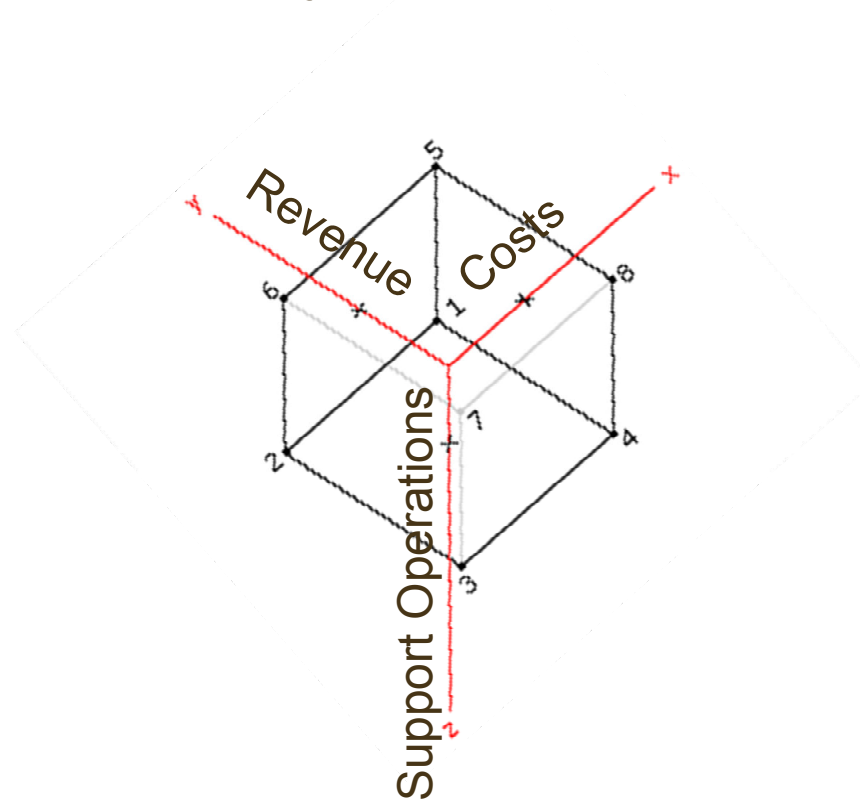
Access to Your Data

- Past
- Present
- Future
- Your most substantial investment (and risk)
- The most important question to ask

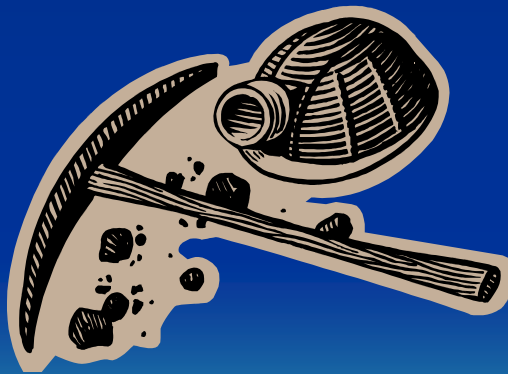


Drilling Into the Data

- 3-Dimensional analysis



If you're data-mining for gold, make
sure accounting's at the core.



Networking

- Open to new ideas
- Willing to share challenges and successes
- Begins today...



Knowledge

- The “art” that implements the science



Knowledge Growth Path

- Gillings: Corporate culture of “information accumulation”
- Specialization
- Outside, objective consultants
- Continuing education
 - TEPAP
 - MBA
 - User Conference
- Peer networks and benchmarking
- Sonka: “Information Age Farm”



HR Growth Path

- DIY
 - Bookkeeper
 - Controller
 - CFO
- } Virtual or on-site



Let the Networking and
Knowledge Begin!

Thank You!

