

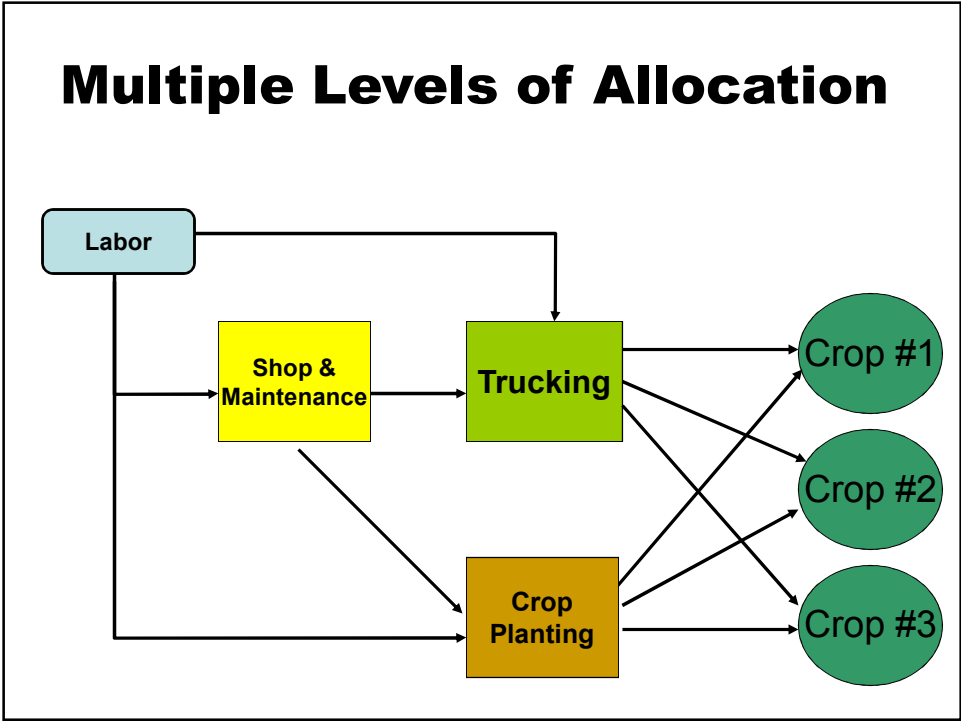
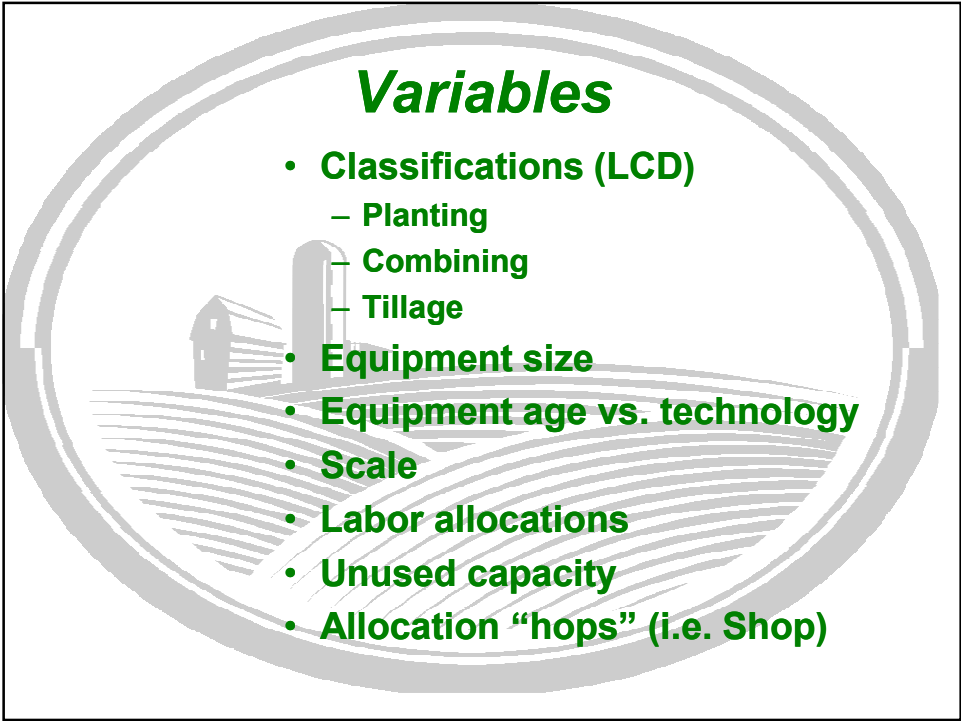


Real World Operations Cost Benchmarking



What's Out There

- **Published Custom Rates (Market)**
- **Estimated Costs**
- **Often by ledger account, rather than activity**
- **Terminology and classifications**
 - **Planting**
 - **Combining**





Variables

- **Fuel allocations?**
- **Depreciation methods**
- **Allocation units**
- **Which acres?**
- **Which hours?**
- **Custom farming**
 - **Cost center (cost reducer)**
 - **Profit center (MV charge)**
- **“Slush funds”**
- **Contribution margin**



Limitations?

- **Feasibility**
 - **Doesn't replace B?? Model**

Operations

- Crop operations linked to
- N centers (Activities)
- Uses one or more cost drivers
- To allocate standard costs
- To production centers
- And measure variances from actual

Cost Drivers

- Center Acres
- Planted / Harvest Acres
- Harvest Quantity
- Center Operation Acres
- Center Operation Hours
 - Machine hours?
 - Clock hours?
- Center Operation Miles/Units

More effort!

Hired Labor

- **Through S centers using annual % to allocate to N centers**
- **Through time entries in Payroll allocated to S, N and sometimes C and M centers**
- **Through labor “pools”**

Fuel

- **S center % to N centers**
 - **By location of tank**
 - **By use (highway vs. off-road)**
- **Through Inventory**
 - **Applied through crop macro entry**
 - **Journal entry to equipment**

Shop

- **Direct to production centers**
 - If maintain employee detail in S centers
- **Through operations**
 - If maintain employee detail within Payroll
- **Charged directly to equipment**

Drill Down

- **Labor**
- **Fuel**
- **Ownership**
 - **Lease?**
 - **Depreciation method**
- **(XY) Cost vs. Acres**
- **Hours**
- **Custom income offset**

Pass #1

- Explore variability
- Learn how others do this
- Draw out the story behind the numbers
- Format and attributes? (FFSC?)
- Begin standardizing processes
- Determine value or new directions
- Who gets to see the results?

Acres Harvested

