

Improving Farm Financial and Production Records for Better Decision Making

ECONOMIC IMPACTS OF EXTENSION EDUCATION

IMPORTANCE OF MANAGEMENT INFORMATION

- Increasing price volatility and narrow profit margins in production agriculture underscore the importance of sound record keeping and management information for farm and ranch businesses, many of which manage total assets in excess of \$1 million.
- With the ever-changing environment of financial-software technology—and lenders placing increased emphasis on accurate financial records and improved financial competency—there is a growing need to educate Texas farmers and ranchers on sound record-keeping practices.

AGRILIFE EXTENSION'S RESPONSE

- To equip producers with better record-keeping skills, the Texas A&M AgriLife Extension Service developed a two-day short course to teach basic and intermediate record-keeping practices for farm and ranch businesses, using QuickBooks® financial software.
- The main goal of the workshops is to enable farmers and ranchers to improve their financial record-keeping and analysis capabilities, allowing them to make better management decisions.
- Each session of the course provides education and hands-on training focusing on many core financial practices in QuickBooks®, including (1) reviewing basic accounting practices, (2) understanding forms and registers, (3) creating a budget and cash-flow projection, (4) setting up and managing a payroll, and (5) using billing, purchasing, and inventory-management options.
- Since the program began, AgriLife Extension has conducted 59 courses for approximately 700 agricultural producers, accountants, loan officers, business owners, and managers in the Texas South Plains and High Plains areas.

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- When COVID-19 prevented in-person workshops in 2020, economists developed a three-hour online Quickbooks® course. To date, 143 producers have enrolled in the course. More than 70 percent of attendees indicated that they benefitted economically from the course.

ECONOMIC IMPACTS

- Sound financial records allow producers to make better management decisions on such topics as crop selection, capital purchases, loan financing, asset replacement versus continued maintenance, retained ownership of livestock, and marketing.
- Although it can take several years to fully recognize the value of sound financial records, at the end of the two-day course, participants indicated a potential economic benefit per business of \$2,500 annually resulting from better decision making through improved financial records.

