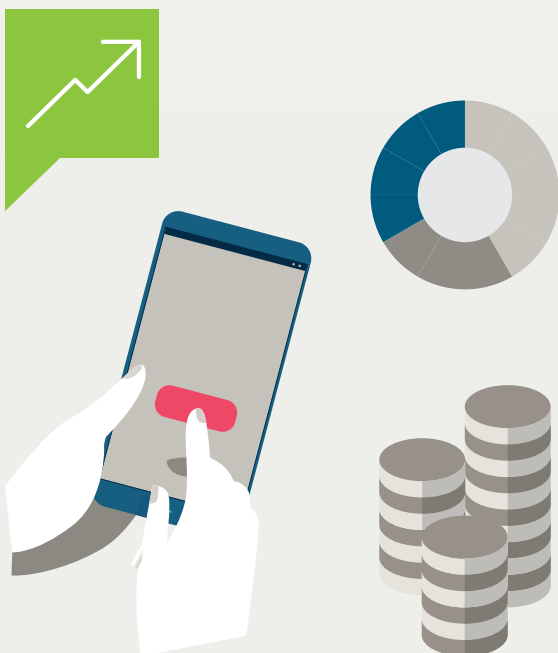


Enhancing performance with FarmPro



↑ Jerry O'Neill

William McCullagh is a born and bred farmer based in Co. Cork where he and his wife run a dairy farm helped by a full-time farm worker and William's parents. William took over the business when he left college. At that time, it consisted of 80 dairy cows on a small block of land. He subsequently inherited more land, but it needed development, and he had to pour time and resources into it to make it suitable for farming.



Today, William has successfully grown the business. He now has 300 dairy cows and uses FarmPro to help him control costs, improve efficiency, and enhance planning.

"When I took over the farm, I had to put in a new milking parlour, new roadways, fencing, sheds, winter housing and more. So, after that development, I was heavily borrowed. That's when ifac suggested the FarmPro service. It helps to manage costs, and since I started using it, it has benefited me massively. It was a big change in the way we work, but I'm very happy with it."

William meets Jerry O'Neill, a specialist FarmPro advisor, once every three months and says this really helps him manage the business more effectively.

"It makes me disciplined in my spending. Now, if I want something new, I can look ahead to see if I can afford it or not, instead of buying it and then thinking, 'oh no, how will I deal with this when I can't afford it?'"

Dairy farmers are often cash-rich in the summer but get caught out in winter when their income goes down. A key benefit of FarmPro is that it makes it easier to manage cashflow. Before using the system, William did not do much budgeting, but now he finds the information available from FarmPro very helpful. At the moment, he only uses certain parts of the product, but already he has seen a lot of benefits.

"I know there is a lot more the software can do, but the main things I have been looking at are the cash flow forecasts, variance report, and benchmarking... The variance report is great to compare how I'm going against last year... With benchmarking, you can compare yourself to others and see where you need to tighten up costs, where other farms are doing better than you, and also where you are doing better in some areas. It makes you more cost-efficient... What I've realised from using this software is that it's the little changes across the whole operation that makes the biggest difference."

CASHFLOW MANAGEMENT

Effective cash flow management is a cornerstone of successful businesses. It helps ensure that your business remains solvent and protects your credit rating.

UNDERSTANDING YOUR BUDGET

Writing down your projected income and expenses for the period ahead is the first step in farm budgeting. Once you have done this, ifac can convert it into an annual budget by bringing in your opening bank balance, analysing data

and providing you with a monthly report that will help you identify any periods in the year where there may be cashflow deficits. This enables you to plan ahead and seek finance from financial institutions or short-term credit from merchants when necessary.

Ifac can also help you to evaluate the likely impact of new ideas for profit generation and analyse potential scenarios that can arise during periods when income or input prices are volatile. These partial budgets analyse how income and expenses will change in a particular period and calculate the impact on your overall farm budget.

OWNING YOUR BUDGET

When starting the budgetary process, it is critical to use realistic data. Most farmers base their budget on an average of previous years' financials, adding in any necessary adjustments for the year ahead. The budget needs to reflect your physical and financial targets. It is important that you own the plan as you are the person who will implement it.

REVIEWING YOUR BUDGET

Budgets must be kept under review as you move through the year so that you can spot any overruns and take corrective action. This will ensure there is cash available to pay bills and make bank repayments as they fall due. Remember that any red mark on your credit rating will lead to difficulty when renewing loan facilities. Where a cash deficit is likely to arise, it is important to flag this as early as possible with your bank.

BENCHMARKING

Benchmarking compares your farm data with data from a reference pool of similar farmers. It highlights where your farm performance is above or below the group average and helps identify changes that can improve your business's profitability.

Managing cash flow on a day-to-day basis helps you make better business decisions. Seek your accountant's advice when preparing your budget. A professional view of your plan will identify potential problems and highlight opportunities that you may have missed.



↑ William McCullagh

