



# Direct Connections

September 28, 2004

Helping you stay informed!

***This Week : How to get a Full Farm Assessment for \$100.***

***Successful farm managers use financial tools to improve profitability and obtain necessary financing.***

***A confidential profile of your business will be prepared for you that will include past history, a current market value, full statements, ratios and projections for the future.***

***Getting a firm grasp on where you stand and an objective opinion on improving profitability can be very helpful.***



***Dave's Corner*** In a perfect world it would be nice if we didn't have to worry about the finances, doing the books, or going to see the banker. If all we had to worry about was raising the best crop possible, that would be wonderful. Farm Managers today, however, do have to be aware of and should be familiar with benchmarking, financial statements, and ratios. This can tell you a great deal about your farm business. Successful farm managers use these tools to improve profitability and get a better understanding of your business and where you would like to go in the future.

The good news is there is extensive help available at a very reasonable cost. The Canadian Farm Business Advisory Service (CFBAS) is a government department that offers business planning services to farmers at a reduced cost through private consultants. One of the options includes a "Farm Business Assessment".

Craig Smith is a private consultant in Southern Alberta with many years of experience in banking, farming, and as a farm debt mediator. He has worked specifically in helping farmers identify strengths and weakness in their operations and then helped formulate strategies and plans to improve profitability.

Craig's services are available to all Direct-Ag clients for a cost of only \$100. If you farm and derive more than \$10,000. in gross sales from your operation, you should qualify for this service. According to Craig the Farm Financial Assessment gives you three days worth of consulting. First, past records are reviewed to benchmark your operation. The current situation is assessed. Goals and objectives are discussed. Options to improve profitability are explored. Craig will then provide you with a written business profile of your business, a current market value statement of assets and liabilities, a ratio analysis, and an income and expense statement of the past two years.

If you would like to make some strategic changes, an action plan can then be drawn up following the farm assessment. A further two days of consulting are available to do this. A written financial plan including a cash-flow projection for two years with the changes incorporated is then done and provided to you.

The service is completely confidential and Craig will follow-up with you after 9 - 12 months to see how the plan is going.

For \$100. you will not only get an objective snapshot of your business, but you will have the tools you need to make good decisions. Having an independent professional who has a lot of experience in this area can provide valuable insights. You will have a full set of financial statements and ratios and future projections should you want to go to your Ag Lender. Better still, you will know where you stand and what you need to do to ensure the future sustainability of your farm.