

People from the Great Depression Era became experts at finding new and creative ways to earn money. They took on all kinds of new jobs, ranging from selling pies to mending clothing to running errands for a fee. There are really two main ways to have more money: spend less and earn more. You can use the features of your accounting system to help with both. So let's see how the concepts used during the Depression can help you use your small farm to bring in more money, or keep the money you already have!



### Tip 1: Find Creative Ways to Bring in More Money.

Where are you making the most money? There is one thing you can do that will make a huge difference in your small farm profit. It's tracking financial information by crop, farm, field, and land owner. When you track your information in this way, you are able to make better decisions that lead to profits. For example, you can:

- ✓ **Compare profitability of individual production years regardless of crop/livestock.**
- ✓ **Determine which products to continue producing by comparing the profit per acre/head of each crop/livestock.**
- ✓ **Determine if fields/livestock are not producing to their potential.**
- ✓ **View the break-even cost/bushel for each field in a production year.**
- ✓ **View the profitability of a field regardless of which crop it raised over a period of time or determine if it is more profitable to raise feeder hogs or farrow to finish.**
- ✓ **Analyze and compare profitability between profit centers, farms, and production years or any other combination of business segments**

The knowledge gained from tracking financial information this way enables you to make informed and more profitable decisions for your farm.

## **Tip 2: Keep the Money You Have.**

During the Depression Era, people were notorious for finding ways to keep their money. They did this by making due with less, and some people became quite creative. Adding low-cost bread crumbs to meatloaf and mending clothing instead of buying new are just a few. You can keep more of your money with the tools offered within your farm's accounting system. One way to do this is to use good cash flow budgeting. Good cash flow budgeting can save you money. Creating and sticking to a budget can help you in many different ways. Not only can you make better and more profitable decisions, but you can also pay less in late fees, attain discounts for paying early, and you can even lessen or eliminate your need for short term loans, sparing you the cost of paying interest. The flip side of this is also true: if you don't analyze and plan your cash flow, it will cost you! Another way to keep more of your own money is to use "What-if" scenarios to help project future sales, cash flow, income statements, assets and liabilities. Paying attention to this information consistently will help you spend wisely and retain more profits as time goes on.

## **Tip 3: Eliminate the unnecessary.**

It's hard to imagine giving up things we take for granted, such as coffee or soft drinks, pre-packaged cleaning supplies, and TV. But during the Great Depression, items many people now use freely were often foregone because people just didn't have the money to buy them. There are things you can do within your farm accounting software to eliminate the unnecessary. Eliminate a good number of envelopes and stamps by emailing customer invoices! Most accounting systems these days will allow you to set up your customer account with an email address and email invoices. You will save on the cost of envelopes, stamps, and processing time. You may also receive payment faster, since emails are delivered instantly.

When times are tough, a business needs to do what it can to make more money and keep the money it already has. Use these Depression tips together with your accounting software, and you will be on your way to increasing your small farm profit!

CenterPoint Accounting for Agriculture has the tools to help small farms track and view the necessary information to improve profits. Sign up today for a free, personalized demo.