Farm Budgets – How Creating a Budget can Impact your Farm



Creating a budget for your farming operation may seem like a daunting task at first, but farm budgets can make a big difference in the profitability of farming operations. You can choose to create a budget by hand, by using a spreadsheet, or you can use your farm software to help you. Either way, the outcome remains the same: increased confidence in decision making and increased profits for your farm.

A budget provides guidelines to help you organize and control your financial resources and also helps you uncover your operation's strengths and weaknesses. Have you ever come face to face with a large purchasing decision, and then made that decision based more on emotional "wants" and not on the actual business need? If so, you are not alone. Unfortunately, this method of making purchases does not take into consideration every aspect of your farming operation. By setting up and following a budget, your purchasing and buying decisions can be made more confidently, and can keep your operation growing strong.

The process of managing a budget involves examining your historical data, to show you which areas in your operation are generating the most profit and which areas need attention. With this information you can easily make long-range projections and increase your profits through better decision making.

A budget also helps you gain control of your finances and gives you the tools you need to project future cash flow and helps you manage your assets and liabilities. A budget helps answer the "what if" scenarios such as buying more land, expanding a crop, purchasing new equipment, etc. Planning your future business strategies becomes easier with the information a well thought out budget can provide.

Farm budgets can provide smart decision making for your farming operation, which can lead to more confidence and increased profits.

CenterPoint Accounting for Agriculture has built-in budgeting tools made specifically for the agricultural industry. Within CenterPoint, you gain the ability to create "what if" scenarios for your farm, and you can project futures sales, cash flow, income statements, and assets and liabilities. Farmers nationwide have been using agricultural accounting products from Red Wing Software since 1979 to ensure profitability and easily track the information they need to see. Sign up for a free, personalized demo today, and see if CenterPoint Accounting for Agriculture is right for you!

P.O. Box 404
Red Wing, Minnesota 55066
800-732-9464

www.redwingsoftware.com

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