

Planning for Profitability





About Us

Farm Forward

Farm Forward implements innovative strategies to promote conscientious food choices, reduce farm animal suffering, and advance sustainable agriculture.

Good Shepherd Poultry Ranch

Carrying the history of standard-bred poultry into the future.



Why Create a Financial Plan?

- Can I afford to start a farm?
- Am I earning money?
- Am I breaking even?
- Am I in a position to grow?
- How big should my operation get?
- Should I raise one or more species? Which ones?
- Should I work with contract growers?
- Should I start a breeding operation?



Your Plan Should Include

- Inflows and outflows (cost of production)
 - Bookkeeping, production cycles, projections
- Risk
 - Common barriers, worst-case scenarios, taking precautions
- Your consumers and how you reach them
 - Distribution, marketing



Inflows and Outflows

Stock	Staff, labor, and consultants	Projected income
Feed	Accounting and legal fees	Additional income (under-grade, value added, co-products, etc.)
Utilities	Office and administrative	Debt servicing
Litter, shavings, bedding	Office supplies and equipment	Grow cycle
Medication, vaccination, disinfection, sanitation	Computers and software	Livability
Repair and maintenance	Website	Average yield
Fuel	Advertising, samples, demos, outreach	Price per pound
Processing	Travel and conference fees	
Storage		
Shipping/delivery		
Taxes		
Insurance (liability, business interruption, etc.)		

Cost & Earnings

Cost Per Chick to Breeder	Year 1	Year 2	Year 3	Year 4	Year 5
Management	\$ 0.6316	\$ 0.3406	\$ 0.1551	\$ 0.1550	\$ 0.0987
Labor	\$ 0.3600	\$ 0.3600	\$ 0.3600	\$ 0.3600	\$ 0.3600
Feed (assumed cost increase of X% annually)	\$ 0.2700	\$ 0.2700	\$ 0.2700	\$ 0.2700	\$ 0.2700
Utilities	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800	\$ 0.0800
Shavings	\$ 0.0600	\$ 0.0600	\$ 0.0600	\$ 0.0600	\$ 0.0600
Legal	\$ 0.0526	\$ 0.0184	\$ 0.0077	\$ 0.0076	\$ 0.0047
Accounting	\$ 0.0316	\$ 0.0113	\$ 0.0048	\$ 0.0048	\$ 0.0030
Water Medication, Vaccination, Disinfection	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200
Water Sanitation	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200
Business Interruption Insurance	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200
Repair & Maintenance	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200
Supplies & Misc.	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200	\$ 0.0200
Building Insurance	\$ 0.0189	\$ 0.0067	\$ 0.0056	\$ 0.0055	\$ 0.0051
Depreciation: Equipment	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100
Depreciation: Building	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100
Flock Insurance	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100
Farm Fuel	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100	\$ 0.0100
Property Taxes	\$ 0.0042	\$ 0.0015	\$ 0.0010	\$ 0.0010	\$ 0.0006
Total Cost Per Chick	\$ 1.6489	\$ 1.2885	\$ 1.0841	\$ 1.0838	\$ 1.0222

Costs to Breeder					
Chicks Sold Per Year	95,000	275,000	660,000	680,000	1,100,000
Total Cost Per Chick	\$ 1.65	\$ 1.29	\$ 1.08	\$ 1.08	\$ 1.02
Subtotal: Production Cost to Breeder	\$ 156,650.00	\$ 354,327.36	\$ 715,531.82	\$ 737,002.84	\$ 1,124,369.46
Total Down Payments	\$ 120,630.00	\$ 42,750.00	\$ 45,630.00	\$ -	\$ 45,630.00
Total Debt Servicing	\$ 38,242.75	\$ 51,795.58	\$ 66,261.44	\$ 66,261.44	\$ 80,727.31
Unanticipated Losses of 5%	\$ 7,125.00	\$ 20,625.00	\$ 49,500.00	\$ 51,000.00	\$ 82,500.00
Total Costs	\$ 322,647.75	\$ 469,497.94	\$ 876,923.27	\$ 854,264.28	\$ 1,333,226.77

Income to Breeder					
Sale Price Per Chick to Grower	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Chicks Sold Per Year	95,000	275,000	660,000	680,000	1,100,000
Total Income	\$ 142,500.00	\$ 412,500.00	\$ 990,000.00	\$ 1,020,000.00	\$ 1,650,000.00

Breeder Profit					
Total Costs	\$ 322,647.75	\$ 469,497.94	\$ 876,923.27	\$ 854,264.28	\$ 1,333,226.77
Total Income	\$ 142,500.00	\$ 412,500.00	\$ 990,000.00	\$ 1,020,000.00	\$ 1,650,000.00
Total Profit	\$ (180,147.75)	\$ (56,997.94)	\$ 113,076.73	\$ 165,735.72	\$ 316,773.23

Operating Reserves After Loss (Profit Not Removed)	\$ 69,852.25	\$ 12,854.30	\$ 125,931.03	\$ 291,666.75	\$ 608,439.98
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Risk

Hope for the best, set prices for the worst

- Where are the hidden costs?
- What's the worst-case scenario?
- Am I covered?



Common Barriers

- Loss
- Processing
- Shipping and delivery
- Finding markets, particularly for under-grade
- Product consistency
- Dropped by distributor
- Inventory



Simple Steps

- Start keeping track today
- Make a plan for the next 30 days
- Stick to the plan
- Ask questions