



## Farm-management Software

**Keep track of your farm income and expenses with record-keeping software.**

Red Wing Software offers agricultural accounting options that can be used by farm hobbyists.

Growing up on a large, diversified farm, I never saw my dad sit down at a desk to open a ledger or record a single number. He kept all of his financial records in his head along with a mental calculator that could outperform even today's computer chips. While he was a successful farmer in his day, there were several problems with his farm business approach. He knew if he was making or losing money, but he couldn't necessarily tell you how much or from where among the half-dozen enterprises he managed.

A lifetime of experience had told him his hogs would carry the farm business if dairy prices were down and vice versa. Our farm financial records consisted of receipts for sales and expenses that were retained by my mother for annual tax accounting. When my father borrowed money to buy land or for short-term cash-flow needs, it was largely on the strength of his reputation, not a financial spreadsheet.

### Farm Business Today

Today's lenders require more. Just as important, a good farm manager needs records to make the best decisions possible and to plan for the future. Whether you have 10 cows or 100, 1 acre of strawberries or 500 acres of row crops, you need data and business management as much as you need to know what to feed an animal or a plant. That's one of the first lessons a new farmer must learn, suggests Parker Forsell, program organizer for Land Stewardship Project. The Minnesota-based nonprofit offers a training program for new and prospective farmers called Farm Beginnings. The program is offered in a number of Midwestern states and as far east as New York.

"We often have to get participants to step back from their desire to learn production techniques, to setting goals, thinking about marketing and financial plans, and setting priorities," says Forsell. "We introduce them to experienced farmers who think of their farms as businesses. We introduce them to record keeping, but there is no way to hold their feet to the fire once they finish the program."

Brad and Leslea Hodgson are graduates of Farm Beginnings and operate a 100-acre farm near the town of Fountain, Minn. Brad Hodgson's cabinetmaking is a good complement to Root Prairie Galloways, their growing grassfed-beef enterprise. In neither farm business does the couple have to hold their feet to the fire when it comes to financial record keeping.

"Everything has to be economically feasible," says Brad Hodgson. When he and Leslea decided to start the beef enterprise, it was only natural to turn to QuickBooks, which he was already using for his cabinetmaking. "I just set the farm up as a new company," he explains. "The program has parameters for different categories that are well-adapted to farming and the cattle business. It categorizes all the normal expenditures automatically, generates tax reports, and tracks incomes and expenses for our multiple enterprises."

Even though they were new to beef production, their Farm Beginnings classes taught them they needed a way to track individual animal productivity. Just as Brad Hodgson was comfortable with QuickBooks, Leslea Hodgson developed an affinity for spreadsheets using Microsoft Excel. Doing so allowed her to concentrate on areas she wanted to track, such as the beef they market at the farmers' market, through area stores and off the farm.

"Excel is totally flexible, and the inventory feature is a must-have for tracking cuts of meat available for sale," explains Leslea Hodgson. "I have a spreadsheet listing every animal we've marketed by its tag number with live weight, carcass weight and dressed weight. We use the data for yield and cutability evaluation. I also have spreadsheets for the breeding herd that include information from the registration papers, breeding history and offspring."

The Hodgsons use the spreadsheets to make culling and breeding decisions. In the past eight years, the original cow herd has been replaced by the next generation. Heifers that don't make the grade for the home herd or for sale as breeding stock are direct marketed for meat. Bull calves are segregated from heifers and left intact until about 1 year of age, when they're evaluated as potential breeders.

"Instead of castrating and implanting, we take advantage of the natural growth hormones and see if they have potential on the farm or for sale as purebred bulls," says Brad Hodgson. "By taking linear measurements at a year, we can extrapolate their conformation into potential offspring."



### Farm-ready Records

While the Hodgsons chose separate software for production and financial analysis, other packages are available to do both. Red Wing Software has been offering agricultural packages they describe as “more than accounting” for more than 30 years. Customers range from hobbyists to corporate-style farming operations

“With our software, you can get profits by head, bushel or pound, depending on the commodity,” says Matt Hiton, agriculture sales consultant. “We offer a lot more management perspective, such as productivity analysis.”

One of the advantages to a commercial system versus designing your own is available support. Red Wing offers a “wizard” helper for setup and a 12-person, toll-free call center dedicated to answering users’ questions. The wizard walks the producer through a setup process that identifies commodities and all the business specifics. When it’s finished, the producer has a basic set of accounts that can be modified or deleted as needed.

The initial \$995 cost of the package includes one year of customer care with unlimited phone support as well as upgrades. Extensions of the customer-care package run \$379 annually, and Hiton says 85 to 90 percent of Red Wing customers extend yearly.

“There are always questions when setting up a system,” says Hiton. “From a management perspective, people want to know how to take advantage of the analysis tools and get updates. We have customers who have extended their care package every year for 25 years.”

Farm Files’ customers have chosen a third path. Whether a 1/4-acre strawberry farm in California or a cattle ranch in Kansas, they purchase a dedicated farm record-keeping system to help them manage their farm business, but like the Hodgsons, select Quick Books, Peachtree or one of many accounting packages to handle their tax needs. Jon House, president of Farm Files, sees no reason to duplicate accounting systems these companies have spent millions to develop and update.

Instead, he advises prospects to focus on production records and analysis software that fit their needs. “Most of the packages out there track all the essentials, just like ours does,” he says. “The difference is how intuitive they are and how quickly you can get data in and analysis out.”

The key, he says, is to try out the programs. Most software companies like his offer prospective customers a free trial of two weeks or more. “You aren’t going to be able to tell from a website what is right for you,” he says. “What you need depends on your situation.”

About the Author: Jim Ruen lives, writes and works with his gardens and tree farm in the Bluff Country of southeastern Minnesota. Find more tools for your garden and farm shed in his blog Shop Talk.

This article originally appeared in the September/October 2010 issue of Hobby Farms.