

## **Goodbye 2023: Closing 2023, learning from the past, and starting over in 2024**

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The 2023 farm season is in the rearview mirror for most producers. However, producers enrolled in the North Dakota Farm Management Education Program are beginning the process of closing out their 2023 records, analyzing the data with their instructor, and learning from the past to improve the future of their operation.

Once the crops are off, the real work begins for producers in the ND FME program. Producers meet with their local instructor to update their balance sheet and begin their financial analysis. Income and expenses are tracked throughout the year and then added to a software by the instructor to perform the financial analysis. This calculates profitability measures such as current ratio, operating expense ratio, and net farm income ratio just to name a few. These summarize the financial performance of the operation for the year, which is an extremely valuable asset the producer as well as a loan officer.

To truly analyze annual performance, it is important to perform an enterprise analysis on every enterprise involved within an operation. To do this, producers work with tools provided by their instructor to track input costs of each enterprise and compare to the output. Once this is entered within the software, a crop enterprise analysis is generated. This analysis breaks out the return, each direct expense, and each overhead expense of each field. This helps to easily compare the net return per acre versus the total expense and answers the important question of “did I make any money?”

Farmers are not the only beneficiaries of this analysis. Ranchers also can perform enterprise analysis to determine the efficiency of each of their herds. Admittedly there are a lot more moving parts to a livestock enterprise such as tracking feed per enterprise, including hay costs in your crop enterprises, pasture usage, and of course, calving numbers. Although this seems like a daunting task, with the help of ND Farm Management Education, all of this information can be broken down into a simple net return per head to show the profitability of each enterprise.

As a result of these analyses, we are not only able to evaluate the performance of the previous year but also make improvements for the upcoming year. There is no doubt that continuous improvement is of the utmost importance to any business owner. When you analyze the previous year in order to improve efficiency and learn from the mistakes of the past, you will be able to accomplish the goal of building a better future for your operation.

The North Dakota Farm Management Education Program provides lifelong learning opportunities in economic and financial management for persons involved in the farming and ranching business. Visit [ndfarmmanagement.com](http://ndfarmmanagement.com), Facebook [@NDFarmManagementEducation](https://www.facebook.com/NDFarmManagementEducation), or contact Nikki Fideldy-Doll, State Supervisor for Agricultural Education, at [nfideldy-doll@nd.gov](mailto:nfideldy-doll@nd.gov) or 701-328-3179 for more information. The ND Farm Management Education Program is sponsored by the North Dakota Department of Career and Technical Education.