

Staying in tune with farm performance

Teagasc (Ireland) has developed an online benchmarking tool to help Irish farmers identify the areas which need improvement on their farm. Dairy, cattle, sheep, tillage and pig enterprises can use the "eProfit Monitor" to analyse key financial and physical data from their farm and compare this to results from other farms.

Benchmarking tools

'Benchmarking' is based on data sharing and data analysis. According to the [FAO](#) "Benchmarking in farming involves gathering data about the best performing farms and comparing them with other farms. [...]. This can be used to improve farm performance."

It is a growing process today in the agricultural sector and a number of tools and models have been/are being developed. One of these is Teagasc's eProfit Monitor.



eProfit Monitor

Farms are businesses, so an awareness of the factors affecting profitability is vital to remain competitive. Teagasc has developed the eProfit Monitor which provides a snapshot of a farm's financial performance. It has proven to provide a lot of support to the farmers using it with an average of almost 6,800 farm data sets analysed over the last five years.

"Both farmers and their advisers value the eProfit Monitor system because it presents simple summary measures that allow them to link farm financial performance back to on-farm operational practices. This can help identify areas for action as well as provide evidence that already established operational changes are having the desired financial effects" says Kevin Connolly, Teagasc Financial Management Specialist who manages the Teagasc eProfit Monitor system.

"The eProfit Monitor has helped my business by clearly demonstrating what effect everyday decisions have on my costs and profits" says one of the farmers who has been working with the eProfit Monitor.

Providing data

Farmers usually work with the Teagasc advisory knowledge transfer service to both collate the necessary input data and also interpret the final eProfit Monitor analysis. The system requires that information from the most recently completed production year is entered as accurately as possible. The eProfit Monitor can then produce reports on the farm's financial year showing both whole farm performance as well as performance of each component enterprise on the farm.

The type of information required for an e-Profit Monitor analysis includes some of the following:

- Details of the product sold off the farm- both amounts sold (litres, Kg of live weight, tonnes of crop sold) and the total value (€) of all sales
- Details of all farm expenses/production expenses and overheads that were incurred in the operation of the farm business during the year
- Information extracted from the latest set of farm accounts

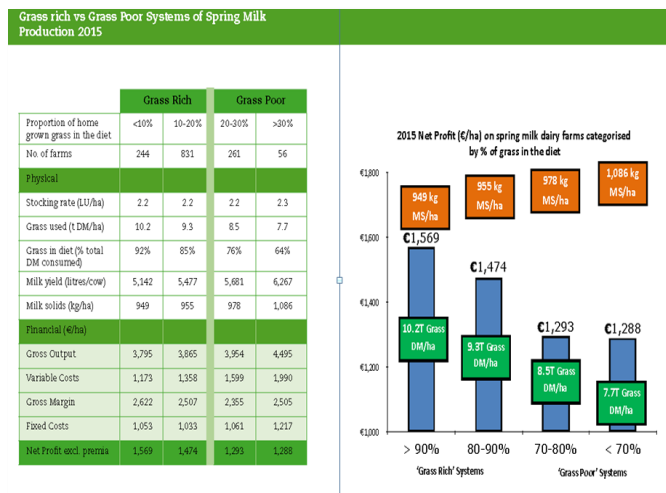
Farmers already have access to this information in their paper records accumulated during the year: herd register, chequebooks, factory sheets, invoices etc.

The Teagasc eProfit Monitor can also electronically import financial data from Teagasc's Cost Control Planner system, as well as details of livestock inventory numbers, sales and purchase numbers, financial values and animal live weights directly from the Irish Cattle Breeding Federation database. "This electronic import facility has greatly speeded up the accuracy and the turnaround time to produce a detailed financial analysis for the farm", says Kevin Connolly. Teagasc are continuing to explore other opportunities to use available electronic sources of farm data to further enhance the benchmarking process.

Extracting reports

Once the farmer has the information on his/her own farm then he/she can begin to identify areas to focus on for improvement. Farmers can carry out a comparison of either:

- Current year versus previous year performance on the same farm
- Own farm's figures against a target
- Own farm's figures against results from other farms locally (for example discussion group farmers) or nationally.
- Own farm figures versus Teagasc national targets or full Profit Monitor dataset average or top performers.



Areas of weakness and strength can be identified and then tackled. Targets can be set for ongoing monitoring by using forward budgets prepared and monitored throughout the year using the Teagasc Cost Control Planner.

Farmers using the eProfit Monitor are often members of discussion groups. The group coordinator pools the individual's farm data with data from the other farms in the group to produce group analysis reports. These can be useful for discussion purposes and can also be used to benchmark own farm business performance. "The identity of individual farms can remain confidential on these group reports or the participating farmers can opt for full disclosure which adds greatly to the discussion and transfer of knowledge among group members" says Kevin Connolly.

An eProfit Monitor analysis carried out on the farm on a yearly basis helps to keep the farmer in tune with how the farm business is performing. Comparing the latest yearly analysis with previous years allows the farm to monitor progress in achieving yearly targets. It keeps the farm owner/manager informed if changes made in the farm's operation are having a positive effect on farm profitability.

"Farming without Profit Monitor would be like football without goalposts. How would you know what to aim for? How would you keep the score?" – farmer using the tool in Ireland.

More information

<https://www.teagasc.ie/rural-economy/farm-management/financial-analysis/farm-profit-analysis/the-teagasc-eprofit-monitor-pm/>

EIP-AGRI Focus Group on Benchmarking

- [Webpage](#)
- [Final report](#)
- [Factsheet](#)

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