

The Wisconsin Dairy Ratio Benchmarking Tool V.E. Cabrera, J. Vanderlin

Financial information of +500 dairy farms in Wisconsin from the Agriculture Financial Advisor (AgFA©) database maintained by University of Wisconsin Center for Dairy Profitability from years 2000 to 2008 were used to calculate distributions of 15 financial measures: current ratio, net working capital, debt to asset ratio, equity to asset ratio, net farm income, rate of return on farm assets, rate of return on farm equity, operating profit margin, term debt coverage ratio, replacement margin ratio, asset turnover ratio, operating expenses ratio, depreciation expense ratio, interest expense ratio, and net farm income ratio. In each year of analysis, the tool can filter the financial ratios distributions on herd size, income per cow, or milk per cow to display cumulative probabilistic distributions against which specific farm measures can be compared. Results from the Wisconsin Dairy Ratio Benchmarking Tool display a series of 15 graphs (one for each financial measure) and a DuPont Analysis that allow one to compare a farm financial health to the industry standards and to Wisconsin benchmarks. The tool has been created entirely as an Excel spreadsheet and it is freely available at the University of Wisconsin Dairy Management Website at DairyMGT.info. A series of workshops are being held to disseminate this tool to help producers' monitor and improve their farms' financial health. A practical tool for benchmarking Wisconsin financial measures has long been requested.