

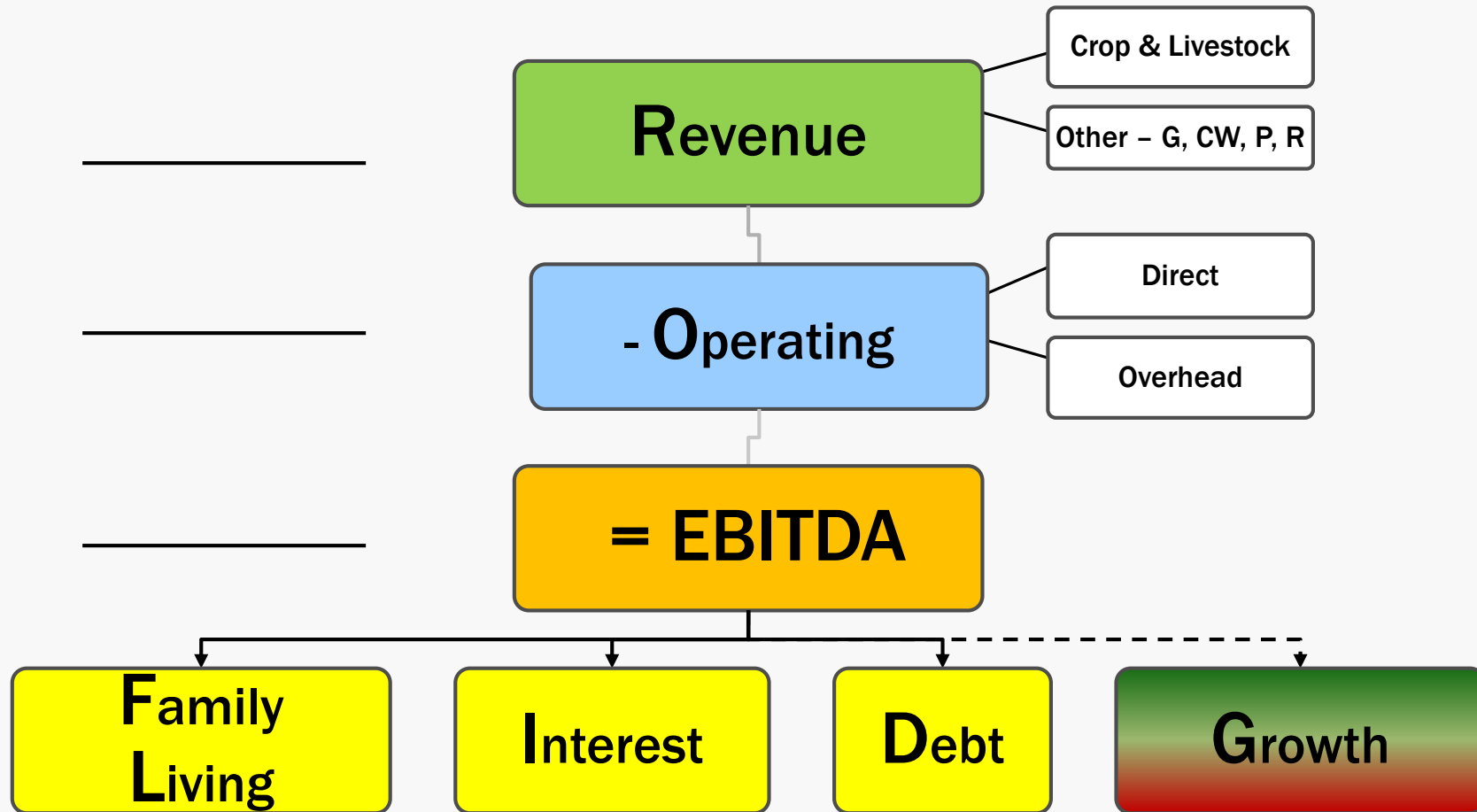


# 2019 EXECUTIVE FARM MANAGEMENT

**“What got you here won’t necessarily get you there.” —Dr. Marshall Goldsmith**

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# EBITDA



# WHO IS FLOID?

**F**amily  
**L**iving & taxes  
**O**perating expenses  
**I**nterest  
**D**ebt (principal)



**FLOID = BREAK-EVEN Revenue**

## Financial Data:

	<u>2017</u>	<u>2018</u>	<u>Projected</u>
<b>EBITDA SUPPLY &amp; DEMAND</b>			
Revenue	9,061,808	8,220,445	
- Operating Expenses	8,053,508	7,704,912	
<b>= EBITDA Supply</b>	<b>1,008,300</b>	<b>515,533</b>	
<b>EBITDA Demands:</b>			
Family Living & taxes	260,000	260,000	
+ Interest expense	177,493	187,836	
+ term Debt payments	318,772	346,704	
<b>= EBITDA Demand</b>	<b>756,265</b>	<b>794,540</b>	
= Asset GROWTH(Decline)	<b>252,035</b>	<b>(279,007)</b>	
<b>BALANCE SHEET</b>			
<b>Total Current Assets</b>	<b>2,780,000</b>	<b>2,849,602</b>	
<b>Total Assets</b>	<b>8,299,000</b>	<b>8,035,252</b>	
<b>Total Current Liabilities</b>	<b>2,809,734</b>	<b>3,120,247</b>	
<b>Total Liabilities</b>	<b>3,724,589</b>	<b>3,726,495</b>	
<b>Owner Equity</b>	<b>4,574,411</b>	<b>4,308,757</b>	
<b>OTHER INFORMATION</b>			
<b>Term Debt Payments</b>	<b>417,441</b>	<b>417,441</b>	
<b>Depreciation</b>	<b>281,112</b>	<b>350,800</b>	
<b>Cash On Hand</b>	<b>466,000</b>	<b>248,352</b>	

## KEY FINANCIAL RATIOS

Current Equity ( <i>Working Capital</i> )	(29,734)	(270,645)
Working Capital Sufficiency	-0.4%	-3.5%
Cash to Current Assets	17%	9%
WC Burn Rate: Debt Service	(0.1)	(0.6)
Equity to Asset Ratio:	55%	54%
Debt Efficiency	0.91	1.18
EBITDA Efficiency	11%	6%
Asset Turnover	109%	102%
Rate of Return on Assets	6%	-1%
Family Living Withdrawals	26%	50%

Practice:	<i>Vulnerable</i>	<i>Resilient</i>	<i>Agile</i>	2017	2018	<u>GOAL</u>
						Projected
1 Working Capital Sufficiency	< 10 %	10 – 33 %	> 33 %			
Formula: $(\text{Current Assets} - \text{Current Liabilities}) / \text{Operating Expenses}$						
2 Cash to Current Assets	< 5 %	5 – 15 %	> 15 %			
Formula: $\text{Cash} / \text{Total Current Assets}$						
3 WC Burn Rate: Debt Service	< 1:1	1:1 – 5:1	> 5:1			
Formula: $\text{Working Capital} / \text{Term Debt Payments}$						
4 Equity to Asset Ratio:	< 40 %	40 – 70 %	> 70 %			
Formula: $\text{Total Equity} / \text{Total Assets}$						

Practice:		Vulnerable	Resilient	Agile	2017	2018	<u>GOAL</u> Projected
5	Core Equity Burn Rate	< 2:1	2:1 – 5: 1	> 5:1			
Formula: <b>Excess Reserves / (EBITDA - FL - Interest - Debt payments)</b>							
	<u>Assets</u>	<u>Market Value</u>	<u>Loan Max</u>	<u>Borrowing Capacity</u>	<u>Long Term Liability</u>		<u>Excess Reserve</u>
	Breeding livestock						
	Machinery & equipment						
*	Real Estate & Buildings						
* Real estate is primary core asset in todays economy.							
6	Debt Efficiency	> 7:1	3:1 – 7:1	< 3:1			
Formula: <b>Term Debt / EBITDA</b>							

Practice:		<i>Vulnerable</i>	<i>Resilient</i>	<i>Agile</i>	<i>2017</i>	<i>2018</i>	<u>GOAL</u> Projected
7	EBITDA Efficiency	< 10 %	10 – 25 %	> 25 %			
Formula: EBITDA / Revenue							
8	Asset Turnover	< 30 %	30 – 70 %	> 70 %			
Formula: Revenue / Total Assets							
9	Rate of Return on Assets	< 2 %	2 – 8 %	> 8 %			
Formula: <u>(EBITDA - FL- Deprec)</u> Total Assets							
10	Family Living Withdrawals	> 25 %	15 – 25 %	< 15 %			
Formula: FL / EBITDA							



**EBITDA Improvement Plan**

Metric:	Vulnerable	Resilient	Agile
EBITDA Efficiency	< 10 %	10 – 25 %	> 25 %

Revenue Strategies:

	<u>2018</u>	<u>% of Revenue</u>
Revenue	8,220,445	100%
- Operating	7,704,912	94%
= EBITDA	515,533	6%

**2019 Goal is** 1,233,067 15%

EBITDA CHANGE: **717,534**

Expense Strategies:

## Working Capital Improvement Plan

Metric:		Vulnerable	Resilient	Agile
Working Capital Sufficiency		< 10 %	10 – 33 %	> 33 %
	<b>2018</b>			<b>Family Living Strategies:</b>
Current Assets	2,849,602			
- Current Liabilities	3,120,247			
= Working Capital	(270,645)			
/ Operating Expenses	7,704,912	-4%		
<b>2019 Goal is</b>	<b>1,155,737</b>	<b>15%</b>		
<b>WORKING CAPITAL CHANGE:</b>	<b>1,426,382</b>			
<b>WC Burn Rate: Debt Service</b>		<b>&lt; 1:1</b>	<b>1:1 – 5: 1</b>	<b>&gt; 5:1</b>
Working Capital	(270,645)			<b>Liability Strategies:</b>
/ Term Debt Payments	417,441	-0.65		
<b>2019 Goal is</b>	<b>834,882</b>	<b>2.00</b>		
<b>WORKING CAPITAL CHANGE:</b>	<b>1,105,527</b>			