

# Dairy Financial Scorecard

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Dairy Balance Sheet & Profitability Benchmarks		Calculation	Great	Watch	Investigate
Debt Per Cow	Total Liabilities/ Number of Cows (Average Number of Lactating and Dry)		<\$5,000	\$5,000-\$10,000	>\$10,000
Total Investment Per Cow	Total Assets/ Number of Cows (Average Number of Lactating and Dry)		<\$15,000	\$15,000-\$20,000	>\$20,000
Asset Turnover Ratio*	Gross Revenue/ Total Farm Assets		>35%	35%-25%	<25%
Current Ratio	Current Assets/Current Liabilities		>1.5	1.5-1	<1
Debt to Asset Ratio*	Total Liabilities/ Total Assets		<40%	40%-60%	>60%
Debt to Equity Ratio*	Total Liabilities/ Total Equity		<50%	50%-150%	>150%
Rate of return on Farm Assets (ROA)*	(NFIFO** + Farm Interest - Operator Management Fee) / Total Assets		>5%	5%-1%	<1%
Operating Profit Margin*	(NFIFO** + Farm Interest Expense - Operator Management Fee) / Gross Revenue		>25%	25%-15%	<15%
Dairy Feed Benchmarks		Calculation	Great	Watch	Investigate
Purchased Feed Cost (Percent of Total Income)*	Purchased Feed Cost / Gross Farm Income		<45%	45%-50%	>50%
Total Feed Cost*	(Purchased Feed Cost + Produced Forage Cost) / Gross farm Income		<60%	60%-65%	>65%
Milk Income Over Feed Cost (Percent)*	(Annual Milk Price per CWT - Total Feed Cost per CWT)/ Annual Milk Price per CWT		>40%	40%-35%	<35%
Dairy Non-Feed Income and Expense Benchmarks		Calculation	Great	Watch	Investigate
Income Per Cow	Gross Farm Income/ Number of Cows (Average Number of Lactating and Dry)		>\$5,000	\$5,000-\$4,500	<\$4,500
Livestock Expenses*	(Animal Health + Breeding)/ Gross Revenue		<4%	4%-5.5%	>5.5%
Operation Cost (Percent of Gross Income) *	(Total Cash Farm Expense - Interest)/ Gross Revenue		<80%	80%-85%	>85%
Net Farm Income Ratio*	NFIFO** / Gross Farm Income		>20%	20%-15%	<15%
Interest Expense Ratio*	Interest Expense/Gross Farm Income		<5%	5%-10%	>10%
Labor Expense*	(Total Labor Cost + Payroll Taxes + Employee Benefits)/ Gross Farm Revenue		<15%	15%-20%	>20%

\* Denotes the calculation is multiplied by 100 to get the result into percentage form.

\*\* Denotes Net Farm Income from Operations = Gross Farm Revenue - Farm Expenses (excludes gains or losses from disposal of farm capital assets)

Kohl, D., and G. Blonde, 2009. "Farm financial ratios and benchmarks: Calculations and implications." Center for Dairy Profitability, University of Wisconsin-Madison.