

BUDGETING, FORECASTING AND REPORTING FOR THE AGRICULTURAL SECTOR



THE BUSINESS CHALLENGE

No matter your business, knowing your cost of production is crucial to profitability and in the Agriculture sector this is even more critical as there are so many moving parts.

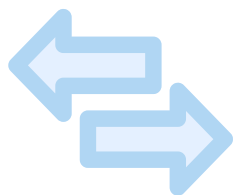
Farmers are facing sharply rising input prices, shortages, uncertainties, and increasingly volatile weather patterns. They are under tremendous pressure to manage and reduce production costs.

Budgeting and forecasting in this sector can be extremely complex and often involves multiple people across different locations. Many of the people involved in the budgeting process are non-financial and do not have access to the ERP solution or general ledger. Budgets are typically completed using spreadsheets and these are sent to finance to consolidate. Consolidating this information from multiple sources can be onerous and time-consuming. Confusion may arise where the information supplied is not standardised, and errors may occur.

Farms may have to account for multiple crop years simultaneously depending on where they are in season and it can be difficult to align the financial budget with the harvest year in order to match your crop revenue to the costs that you incurred to grow that crop and get a view of profitability.

Without smart, connected budgeting and reporting tools like IDU-Concept, it is almost impossible to model different scenarios and carefully consider your options when planning for the next season's planting and harvesting. Should you switch to producing one crop over another? What would happen if you reduced the size of a certain block on your farm?

SWITCH TO IDU



IDU-Concept is a user-friendly, web-based, collaborative planning tool used extensively within the agricultural sector, it integrates seamlessly with your existing ERP system allowing you to budget, forecast and report in real-time.

IDU-Concept ensures that you have a single source of the truth, you can trust that the data is standardised, accurate and up to date. With our cloud-based platform, IDU can be accessed securely and remotely using any computer or mobile device and by multiple users, giving managers access to critical financial information and helping to build ownership and accountability.

IDU's powerful **Project Budgeting** functionality allows you to budget down to individual blocks on a farm, each block can be treated as a project and allows you to budget down to crops, per head animal costs or machinery usage.

Budgets can be created based on acres for field crops or orchards or speciality crops. For animals, the unit chosen may be per head, per animal unit, per flock, or on some other basis.

Managers have the ability to change input costs like fertilizer or pesticides, fuel or feed centrally and to adjust the effect of those costs on the budgets in the system.

IDU allows for budgeting and reporting of volumes by product and customer. Customer can be defined in various ways including location, grower etc, quantities can also be updated using SSIS integration services directly from the source data.

It also goes a step further in providing a point-and-click capability to interrogate actual data against budget or last-year comparative information and the ability to capture variance analysis comments. **Commitment views** also allow you to track both actual and committed spend. IDU gives you a full financial picture of your operations and instant access to key profitability metrics.

IDU-Concept is **extremely easy to use** and understand even for non-financial managers. Your team will be empowered with relevant, real-time information to support their operational decisions. Where previously, non-financial managers would have to rely on working with high-level month-end reports, now they can easily get a birds-eye view or drill down to the underlying journal entries.

IDU gives your managers the power to make **confident informed decisions** about how best to allocate farm resources to achieve the desired goals on the farm and maximise economic returns.



Powerful Dashboarding capabilities in IDU-Concept take complex data and make it easy to read and interpret, providing on-demand visibility and insight into key metrics. The array of charting tools such as line and bar graphs, tiles, ratios and customizable matrix reports, means users can keep track of the budget, forecast and actual KPIs that matter the most.

Immediate access to at-a-glance information means businesses can swiftly make decisions and take action, and by automatically routing end users to their personalized dashboard on logging into IDU, you can ensure that key performance indicators are never missed.

Financial Modelling allows for driver-based budgeting for multiple fiscal years and scenarios, allowing you to change assumptions and immediately see the impact on your revenue, expenses, and cash flow.

What if I want to grow sorghum instead of wheat? How will this affect my bottom line? What would happen if the price of fertiliser increased by 10% next year? What would happen if I increased the acreage in the South-Western block of the farm?

What-if scenario planning allows you to analyse your input costs and see clearly how different scenarios impact your margins.

Reporting is simple with IDU, comparisons can be done based on current month, year to date or variance analysis against budget, forecast, previous years' actuals or any available set of comparative information.

You are also able to **align the financial budget with the harvest year** so that this can be viewed as a single year.

User reporting profiles can be created to enable numerous different users to each be able to have their own unique report profile to suit their individual requirements, this governs what reports or grouping of reports will be available to each user.



“IDU-Concept allows real-time, up to date analysis against budget enabling all divisional managers to track their progress and thus reduces month-end reporting processes as managers are able to review their results at any time in the month. The monthly board reporting now can involve all areas of the business simultaneously and has reduced the amount of time required to complete the review of the financials.”

Royal Agricultural and Horticultural Society of SA Inc.



THE IMPACT OF SWITCHING FROM EXCEL TO IDU - FROM A CLIENT'S PERSPECTIVE

Haygrove Heaven

"IDU has enabled us to complete our budget process much faster and more efficiently than we could do on spreadsheets.

Users can access the system from their own PCs and capture budgets in real-time on the same platform. No need to struggle collating data from a multitude of spreadsheets manually.

IDU empowered us in a big way by building customized macro spreadsheets to upload our weekly calculated fruit volumes, sales revenue and distribution costs, production labour and material phasing etc. directly into the database, splitting costs and revenue directly back to the relevant profit centres. This is something that took us days to do in the past.

Apart from the vast improvement in budgeting, our weekly fruit volume forecasting is much improved by the use of customised spreadsheets. We can easily feed updated estimates into the system from each farm. Download them into the sales template, recalculate harvest and distribution weekly costs and feedback into the system to produce figures needed for weekly cash flow and margin forecasting."

SELECT AGRICULTURAL SECTOR CLIENTS INCLUDE:



KARSTEN



Haygrove



southerncross
MARKETING & MANAGEMENT



Seed Force



MONTIGNY



SCHOONBEE
LANDGOED
unparalleled quality



Brink's
NZ Chicken



ZZ2
KE TZWA TZWEO



Terblanche Group



RED SEA
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