Exercise: Using an Enterprise Budget

You are updating last year’s enterprise budget based on your best estimates for 2020. Using the excel file, you can go to the Input Prices tab and make changes. These will be reflected on the sheep farm enterprise budget tab.

Make these changes and note how they affect the bottom line:

1. You feel that alfalfa prices will be closer to $150 per ton this year. Make that change in the Input Prices tab.
2. You know that you will have to pay good hired help $15 per hour. Make that change under Part-time hired livestock labor in the Input Prices tab.
3. You decide you want to pay yourself for your time this year. Go to the enterprise budget tab and allocate an hour a day for your time. How does this change the bottom line?
4. Do you think this is a sustainable operation, given these numbers?
5. Do you have any suggestions for improvement?
6. Should Kate expand her operation? Would that help?