



## CHAPTER TWO

### *Current Business Assessment*

Before proceeding to develop a plan for your future, it is important to know where you are today. This chapter will help you to evaluate your current resources and financial position, and analyze your farm's performance. This chapter is divided into four major areas and 12 sections;

#### **A. Physical Resources**

- 1. Machinery**
- 2. Orchards**
- 3. Location**

#### **B. Marketing**

- 4. Apple Quality**
- 5. Markets**

#### **C. People**

- 6. Family, Personal and Business Goals**
- 7. Labor**
- 8. Involving Others**

#### **D. Finances**

- 9. Balance Sheet**
- 10. Income Statement**
- 11. Cash-Flow Statement**
- 12. Farm Business Performance**

Each section asks you to analyze your business. Within each section there are assignments noted in color in which you answer questions or complete a worksheet. At the end of each section is a planning summary for you to identify and note areas of possible improvement. **This chapter is designed for you to go through at your own pace, moving between sections – you do not have to follow the workbook order.**

#### **Advice before Proceeding**

Pulling together information to analyze the various aspects of your business will be overwhelming, if you look at the entire chapter all at once. Each section helps you analyze your business in smaller manageable “chunks”. Don't try to complete the entire chapter in a week or two weeks – begin by setting aside half a day, for instance, to work on one section.

Don't allow too much time to elapse between “work sessions” in a particular section because your numbers and reasoning will “grow cold,”

(You may wonder, “Where did those numbers come from? – I need to start over!”). Try to review what you have pulled together and finish the section *in the same week*.

Parts of this chapter build upon one another (information summarized in one section is used in another section). The machinery and equipment inventory will be used in the balance sheet construction. Parts of the balance sheet (accounts receivable, accounts payable, supply and crop inventories and prepaid expenses) will be used in construction of the income statement. The cash-flow statement uses information from both the balance sheet (cash balances at the beginning and end of the year) and the income statement (cash, farm receipts & expenses).

Finally, ask someone else to look over what you have pulled together and give you some feedback – it will encourage you to keep going.

**As a New York State grower, free and confidential assistance in completing this workbook is available to you by calling 1-800-547-3276.**

