

Industry: 1113 - Fruit and Tree Nut Farming
Sales Range: All Sales Ranges
Data Source: Private Companies
Location: US - West [What's my region?](#)
Prepared On: 10/29/2010

INDUSTRY FINANCIAL DATA AND RATIOS

Average by Year (Number of Financial Statements)

Financial Metric	Recent 12 Months (9)	2009 (10)	2008 (16)	All Years (200)
Current Ratio	1.26	1.11	1.15	1.75
Quick Ratio	0.98	0.86	0.84	0.85
Gross Profit Margin	42.13%	46.25%	58.07%	50.25%
Net Profit Margin	-0.80%	2.04%	3.00%	6.29%
Inventory Days	18.60	16.54	12.01	12.01
Accounts Receivable Days	33.48	28.70	53.70	32.95
Accounts Payable Days	18.85	16.96	20.48	21.22
Interest Coverage Ratio	3.82	3.82	4.66	4.11
Debt-to-Equity Ratio	1.69	1.69	3.02	2.16
Debt Service Coverage Ratio	N/A	N/A	2.06	1.42
Return on Equity	2.12%	-0.94%	6.28%	8.69%
Return on Assets	1.37%	2.90%	1.95%	4.25%
Fixed Asset Turnover	4.12	6.55	4.43	3.17
Sales per Employee	N/A	N/A	\$280,252	\$180,299
Profit per Employee	N/A	N/A	\$25,891	\$20,753
Growth Metric	Recent 12 Months (7)	2009 (7)	2008 (7)	All Years (73)
Sales Growth	-0.20%	2.17%	-4.82%	9.19%
Profit Growth	7.53%	7.53%	22.63%	6.57%

Average by Year (Number of Financial Statements)

Income Statement	Recent 12 Months (9)	2009 (10)	2008 (16)	All Years (200)
Sales (Income)	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	57.87%	53.75%	41.93%	49.75%
Gross Profit	42.13%	46.25%	58.07%	50.25%
Depreciation	3.16%	3.83%	2.48%	3.90%
Overhead or S,G,& A Expenses	10.82%	11.86%	17.06%	20.81%
Payroll	16.31%	16.31%	14.72%	19.12%
Rent	1.61%	1.36%	0.78%	1.65%
Advertising	0.31%	0.31%	0.24%	0.96%
Other Operating Income	0.10%	0.09%	0.09%	0.03%
Other Operating Expenses	9.50%	8.44%	21.29%	16.49%
Operating Profit	-0.55%	2.22%	2.01%	9.03%
Interest Expense	1.69%	1.52%	3.49%	3.95%
Other Income	1.04%	0.88%	0.71%	0.84%
Other Expenses	0.15%	0.14%	0.18%	0.19%
Net Profit Before Taxes	-0.80%	2.04%	0.48%	5.72%
Adjusted Net Profit before Taxes	-0.80%	2.04%	3.00%	5.72%
EBITDA	4.65%	3.92%	8.09%	14.36%
Taxes Paid	0.01%	0.00%	0.18%	0.39%
Net Income	-0.80%	-2.02%	2.70%	5.33%
Balance Sheet	Recent 12 Months (9)	2009 (10)	2008 (16)	All Years (200)
Cash (Bank Funds)	13.92%	10.96%	5.77%	4.63%
Accounts Receivable	31.19%	28.07%	25.17%	21.72%
Inventory	10.78%	9.70%	5.10%	7.53%
Other Current Assets	2.88%	2.61%	2.17%	5.52%
Total Current Assets	58.78%	56.69%	49.56%	51.25%
Gross Fixed Assets	103.45%	96.29%	111.52%	101.72%
Accumulated Depreciation	67.98%	61.45%	71.03%	59.01%
Net Fixed Assets	33.47%	32.26%	46.75%	42.71%
Other Assets	8.59%	8.59%	4.36%	6.04%
Total Assets	100.00%	100.00%	100.00%	100.00%
Accounts Payable	7.91%	7.11%	6.84%	13.86%
Notes Payable / Current Portion of Long Term Debt	4.30%	3.82%	10.79%	3.39%
Other Current Liabilities	12.91%	18.88%	19.88%	23.36%
Total Current Liabilities	44.58%	47.38%	46.05%	43.66%
Total Long Term Liabilities	68.01%	63.92%	79.64%	76.98%
Total Liabilities	112.59%	111.30%	125.69%	120.65%
Ending Retained Earnings	12.56%	11.06%	-16.09%	-2.84%
Total Equity	-12.59%	-11.30%	-25.69%	-20.65%

LIQUIDITY

What are some potential ways to improve the company's ability to meet obligations as they come due?

- ▶ Avoid pre-paying expenses or Accounts Payable. The reason is to keep funds inside the farm (potentially earning interest) for as long as possible. It is generally not a good idea to pay bills earlier than the terms agreed upon -- utilize trade credit fully. Discounts may be an exception.
- ▶ Eliminate or reduce some overhead or fixed costs to reduce monthly expenses. Small decreases in overhead will typically yield large cash savings over time, especially if fixed costs can be reduced (those costs which tend to stay the same over time).
- ▶ Sell things that can boost cash such as unproductive assets. These are assets that are not contributing sufficiently to the generation of income and cash flow (possibly because they are under-utilized).
- ▶ Prepare yearly forecasts that show cash flow levels at various points in time. Consider updating these forecasts on a monthly or even bi-weekly basis. This can help predict/prepare for potential cash shortfalls that may occur in the future.
- ▶ Borrow some long-term money (if necessary and possible) and put the funds into a liquid (cash) account.
- ▶ Rent rather than buy resources where appropriate. In the long term, this can help achieve an acceptable level of Balance Sheet obligations relative to liquid assets. Current Balance Sheet obligations (such as debt on purchased assets) are uses of cash.
- ▶ Term out some short-term debt if necessary and possible -- move some short-term debt down the Balance Sheet to long-term debt. This will usually require refinancing from the bank. The point of this is to relieve pressure from cash flow by lowering short-term payments. This is typically most appropriate when a farm is having chronic difficulty meeting obligations.
- ▶ Try to establish a sufficient line of credit from the bank. There are methods to determine the amount of short-term credit needed to run the farm. Talking with the bank can be helpful in this area. The farm should obtain, but not necessarily use, as much financing as possible from the bank.
- ▶ Finance over the long term rather than the short term when financing is possible and necessary. This can help reduce per period cash outflows.
- ▶ Monitor the impact tax payments may have on cash. Keep enough money aside to be able to meet future tax obligations based on earnings.
- ▶ Monitor the amount of money that is being used for activities unrelated to the farm. An example could be money taken out of the farm on draws to owners.

PROFITS & PROFIT MARGIN

What are some things the company might do to develop favorable profitability trends?

- ▶ Set aside some of the crop to manufacture homemade preserves that could be sold at a large profit.
- ▶ Create good monthly budgets with cost reduction goals, broken down by account, that are put right into an accounting system (chart of accounts). This should allow management the ability to pull "variance reports". These reports compare budgeted revenues and expenses with actual revenues and expenses and can help managers keep costs down.
- ▶ Obtain an annual business check-up. Meet with an accountant or banker to review financial statements and get advice on how to improve performance.

- ▶ Enroll the farm in the right insurance program at a good cost. Evaluate alternative insurance carriers that may be able to serve the farm at a cheaper cost. Meet with insurance agents to determine ways to reduce costs by evaluating coverage and deductibles.

SALES

What are some things the company can consider to encourage sales growth?

- ▶ Be sure to subscribe to and READ the trade journals that are relevant to the business. Typically, there is no greater source of good operational information than a trade journal and there are many ideas that can help managers increase sales and keep customers.
 - ▶ Clearly define the mission of the business and make it visible to potential clients. This can be done through strategically placed advertisements and serves to let potential customers know what services they can expect from the business.
 - ▶ Use industry experts and consultants to help you improve your business. This is particularly helpful if you feel like you want to concurrently keep and get more customers. People with long experience in an industry can save you years of time by leveraging their knowledge. Industry consultants can be found in trade journals and magazines.
 - ▶ Compare the business to others in the industry; benchmark how the business is doing in terms of quality and prices. This can help improve the business's competitive position and maintain customers who might be seeking other sources for products or services.
 - ▶ Work to consistently meet the expectations of customers. Determine what the customer needs and suggest an offering that could help. Effectively meeting customer expectations is often central to maintaining business.
 - ▶ Create a reputation as a quality provider in order to help generate referrals from customers. When appropriate, consider offering incentives to customers for providing referrals. An example could be offering a gift certificate or coupon in return for a referral that leads to additional business.
 - ▶ Diversify the offerings of the business, when appropriate. Diversification enables the business to satisfy more customer needs/wants by offering complimentary services/products or substitute services/products to the existing offerings.
 - ▶ Be sure to thank customers for their business after each interaction. This simple act can help customers feel they are appreciated and that their business is always welcome.
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