

As A Landowner What Are Your KPI's?

Owning land is a privilege that brings with it an obligation. The most important factor in buying farmland is purpose; why are you buying? Whether you're an investor looking for a specific rate of return, a producer looking to grow the size of your operation to bring in a family member or, you inherited the property and want to continue its legacy, having clear ownership goals is a must. Most feel the obligation of leaving the land better than when it was received.

Landownership should be looked upon as a business, there are critical factors looked at in-order to monitor and steer their businesses in the right direction. One business metric used to evaluate factors that are critical to the success of the business is called **KPIKey Performance Indicator**. The concept of Key Performance Indicators (KPIs) is not new. However, it may be somewhat unique when quantifying the performance of farmland. Landowners can use them to identify weaknesses in as well as set specific targets for their farms. You then can follow the progress to see if improvements were being made to boost productivity and sustainability of the land. Each KPI provides a valuable insight into the efficiency of utilization of farm resources and management skills of the tenant.

If you own farmland, have you developed your farm's KPI's? As mentioned, each piece of property is different in its needs and productivity levels right down to the field level. As we work with landowners at Farmland Stewardship Solutions, we have some general areas that KPI's can be developed and measured to assess your farmland's value:

- **Productivity/ROI**
- **Soil Health Maintenance**
- **Soil/Nutrient Run-off**
- **Wildlife Environment and Biodiversity Protection**
- **Conservation Planning**
- **Water Quality**

It must be stressed that no single KPI should be used by itself to assess farmland performance and profitability, since each one is the end result of interactions between many farm inputs. It is important to make sure there is a balance between their utilization so that one production target is not achieved at the expense of others within the farming operation. On-farm data collection of this information plays an important role in assessing how well your farmland is progressing. So it's vital that this data is gathered and analyzed. That's part of what we do at Farmland Stewardship Solutions as we initiate a systematic approach to establishing the best lease arrangement between landowner and tenant based on data.