

# 2007 Harvest Year Report for USCHI's Custom Harvester Analysis and Management Program (CHAMP)



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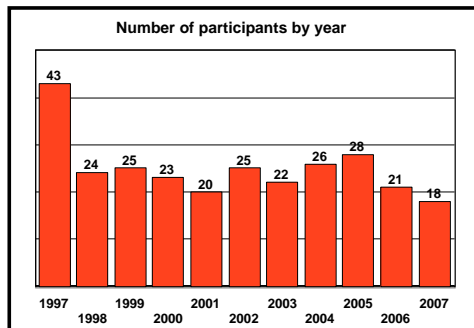
U.S. Custom Harvesters Inc.



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## CHAMP: a survey based program Over the years . . .

- Participation



- Repeat members

- 17 of 18 2007 members participated in 2006
- 7 members have participated all 11 years

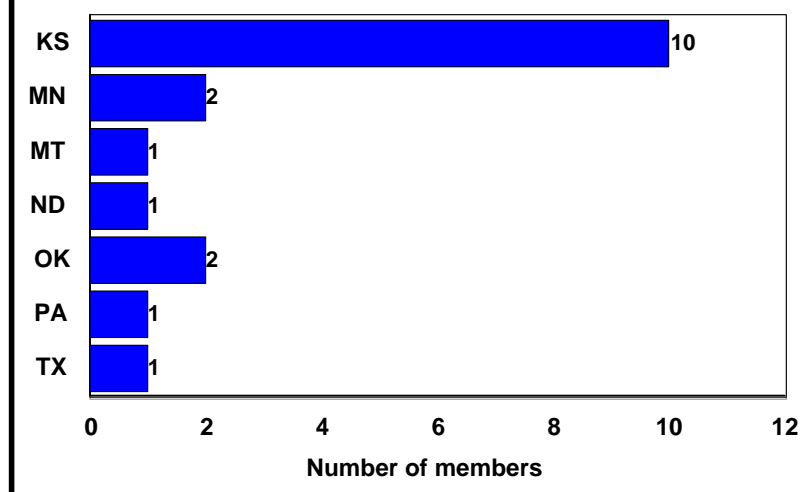
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## General Information

- Location
- Age of manager
- Business structure
- Years in business
- Age and number of combines
- Relative importance of business
- People involved in business
- Number of customers
- Was it a good year?
  - 53% thought it a good year (47% thought fair)

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State where business is located



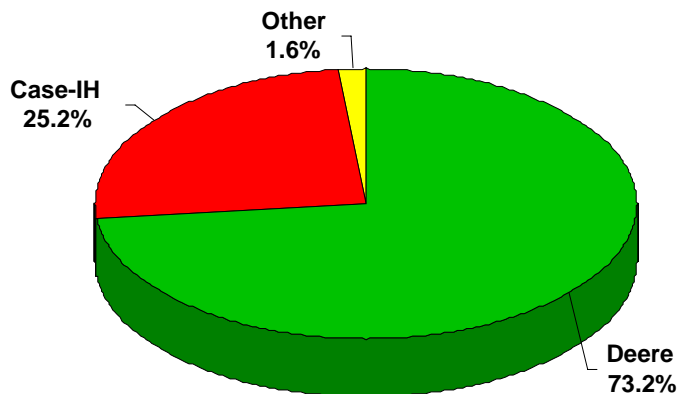
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## More Miscellaneous Information

- **Employee breakdown (season peak)**
  - Family employees average was 28.1%
  - Foreign employees: avg across members 27.1%, 32.6% of total employees
  - Average employees/combine was 2.56 (min=1.21, max=3.60)
- **13 of 18 finance their combines through dealers/manufacturers**
- **6 of 18 get combine insurance through dealer/manufacture**
- **Average interest rate was 7.44%**
  - 2006 7.25%; 2005 6.75%; 2004 5.94%; 2003 6.31%; 2002 6.55%; 2001 7.66%; 2000 9.32%
  - Minimum in 2007 = 4.5%
  - Maximum in 2007 = 9.0%

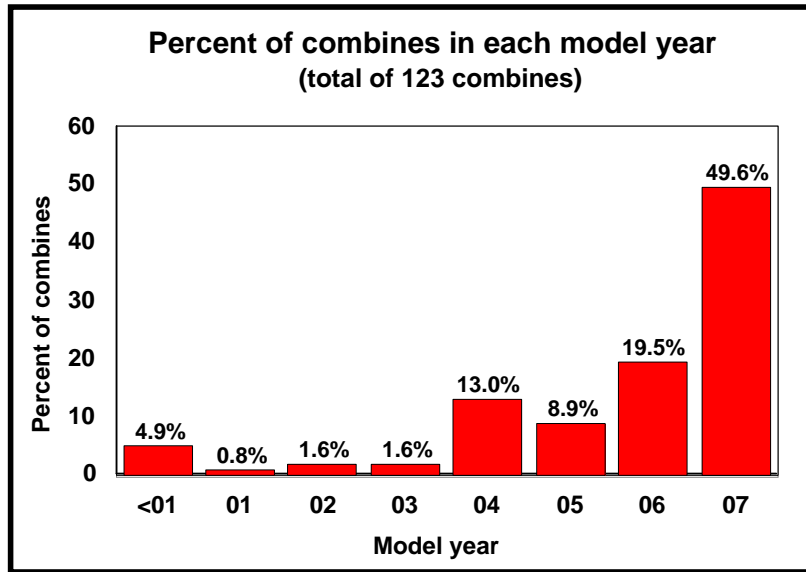
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**Brand of combines used in 2007 in survey**  
(total = 123)

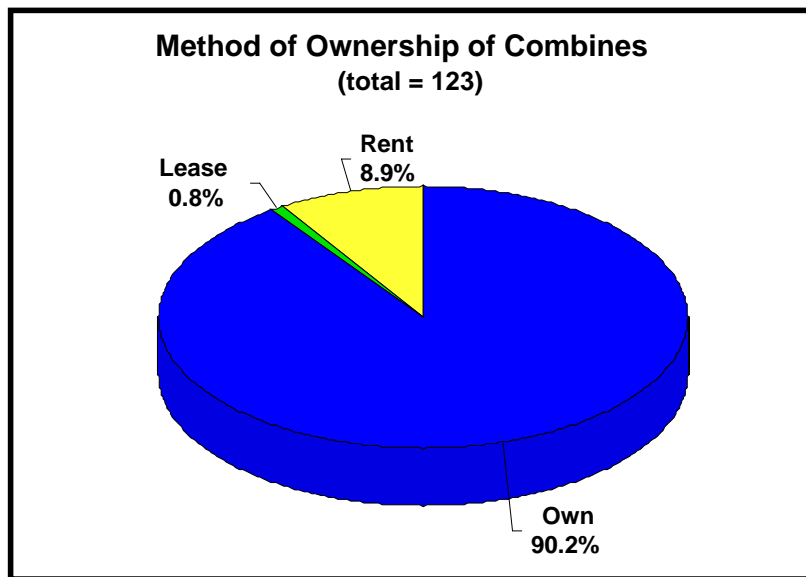


**Members: 10 Deere, 7 Case-IH, 1 Multiple brands**

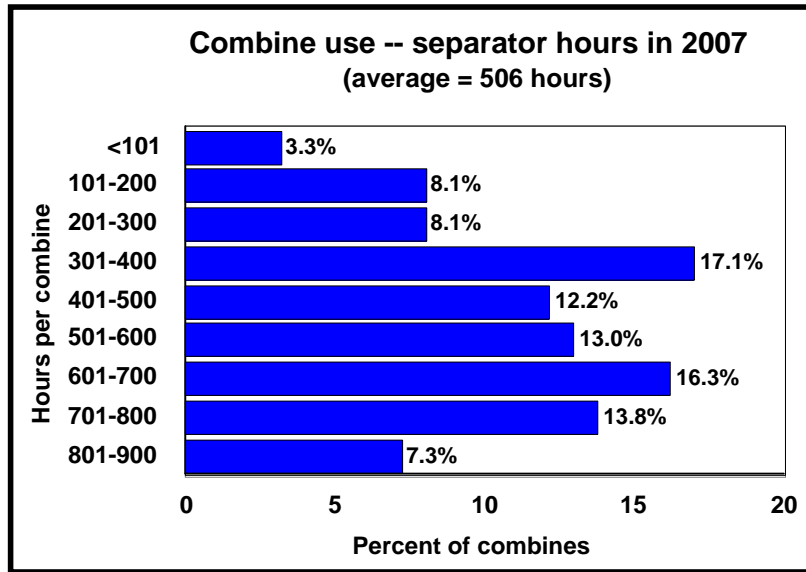
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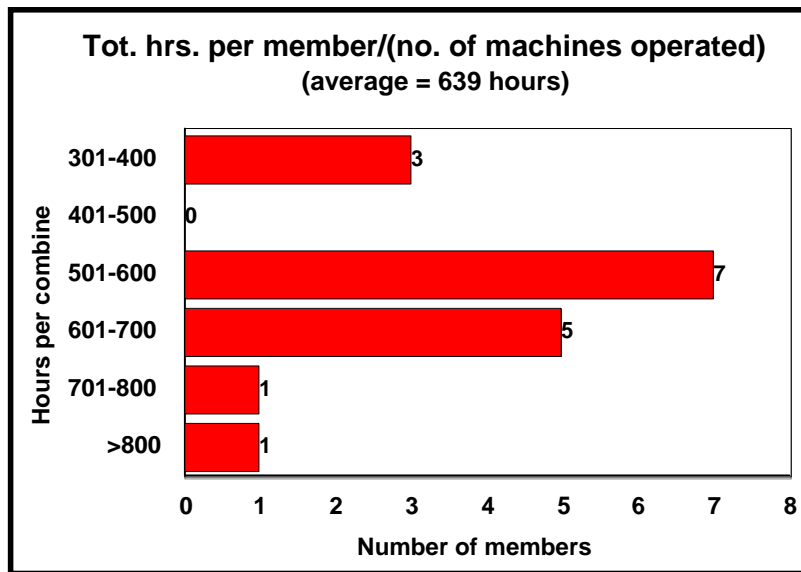
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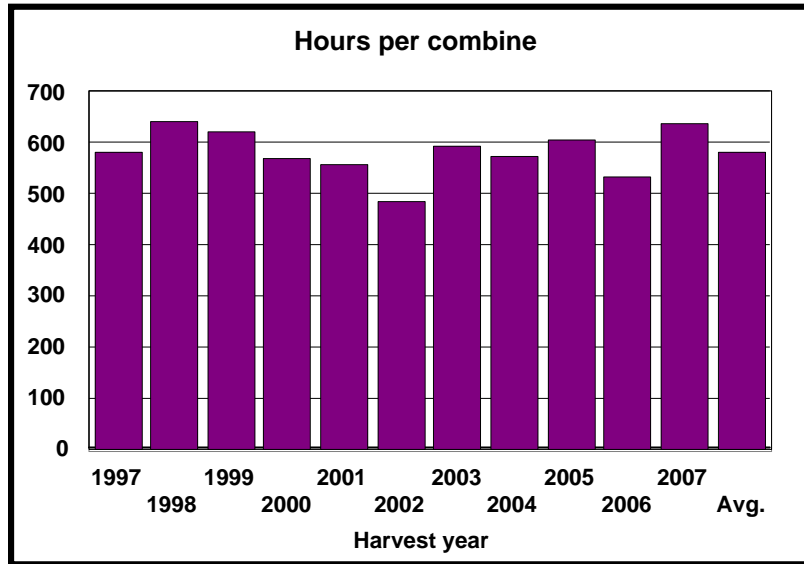


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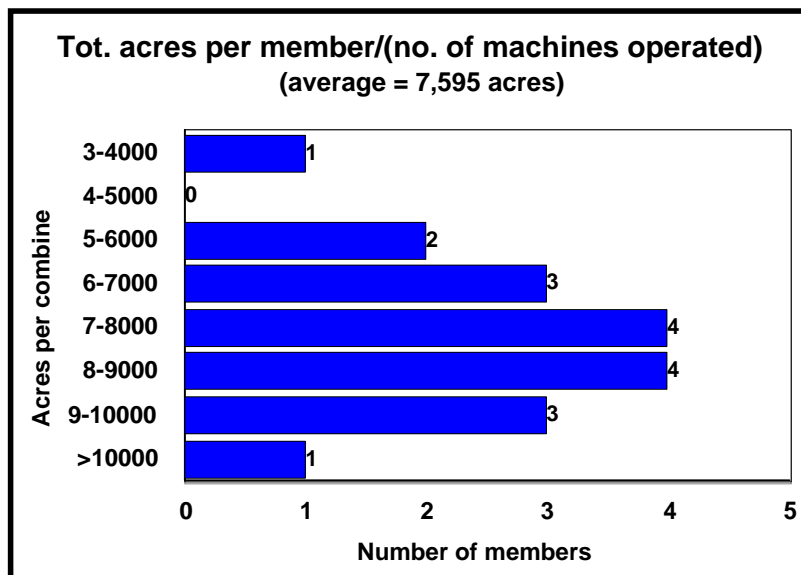


Average engine hours = 681 hours (sep/eng = 74.0%)

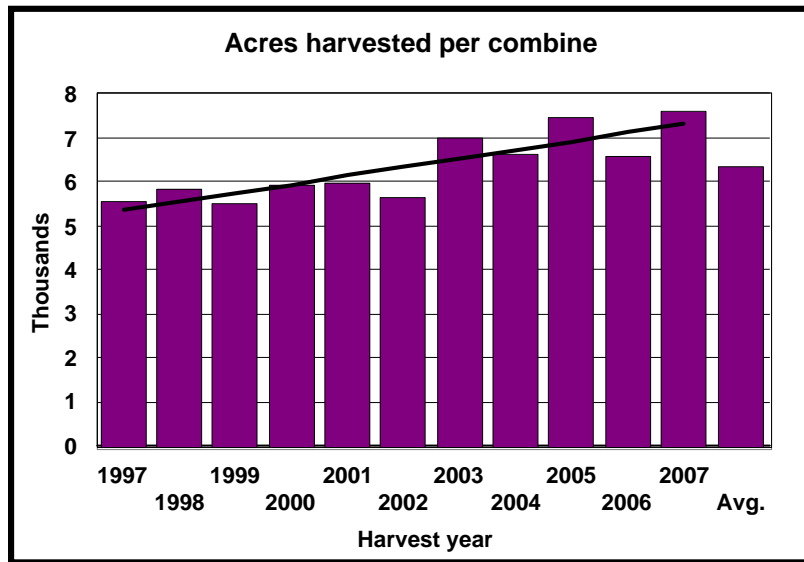




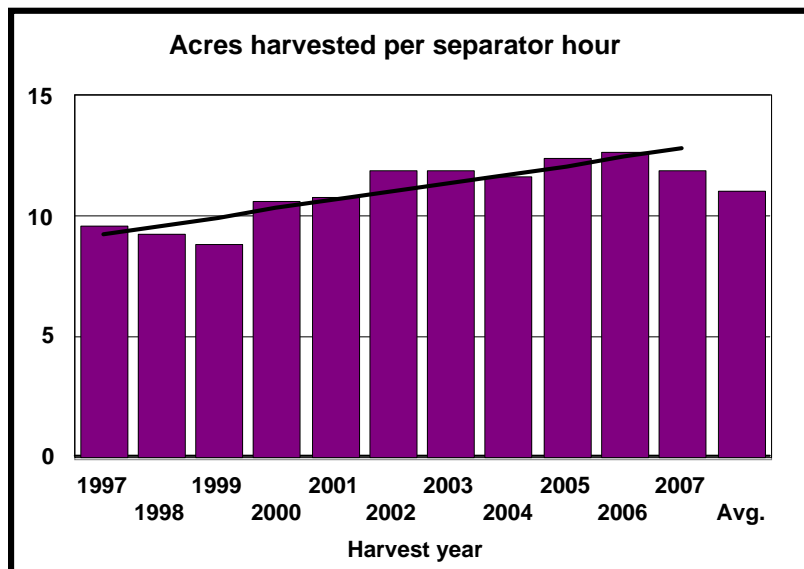
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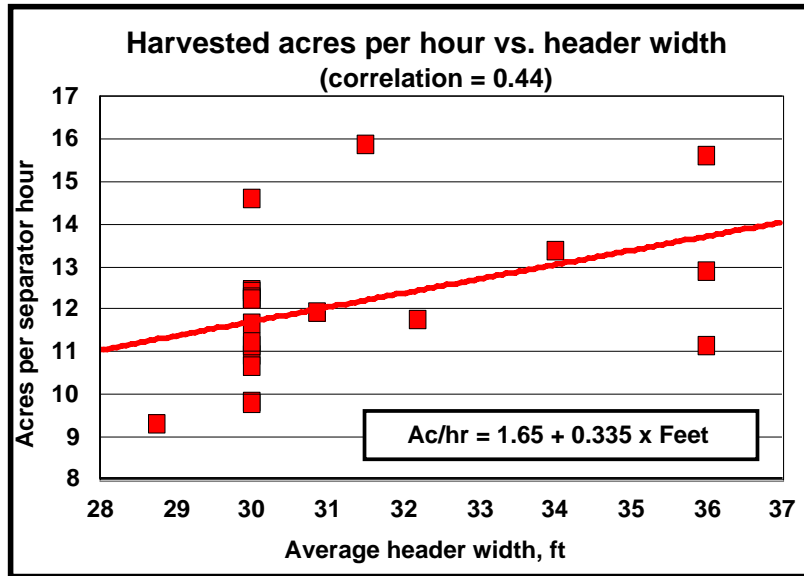


Increase of 195 acres per year



Increase of 0.356 acres/hour per year

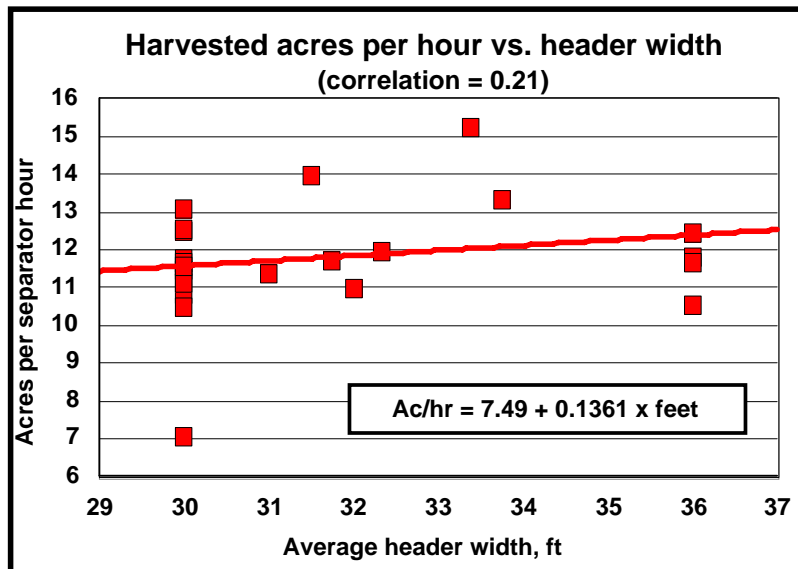
**2003 harvest year**



20% greater header width resulted in 17% increase in ac/hr

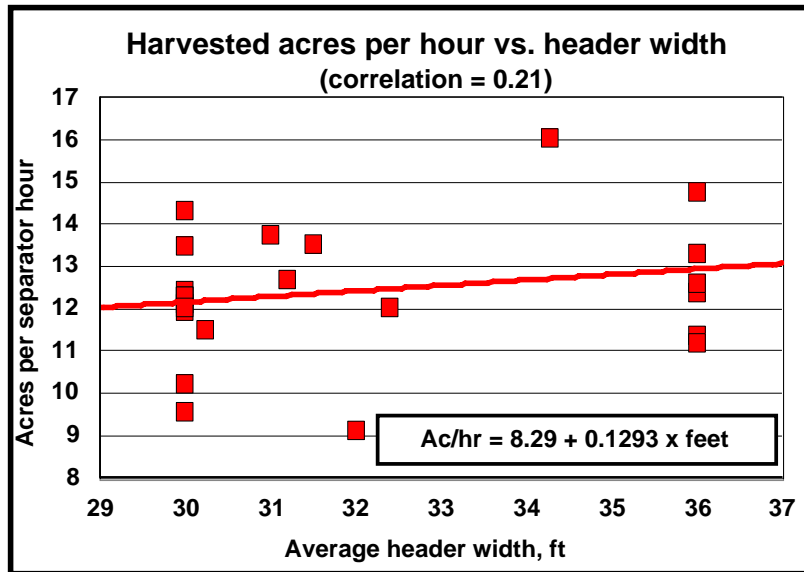


**2004 harvest year**



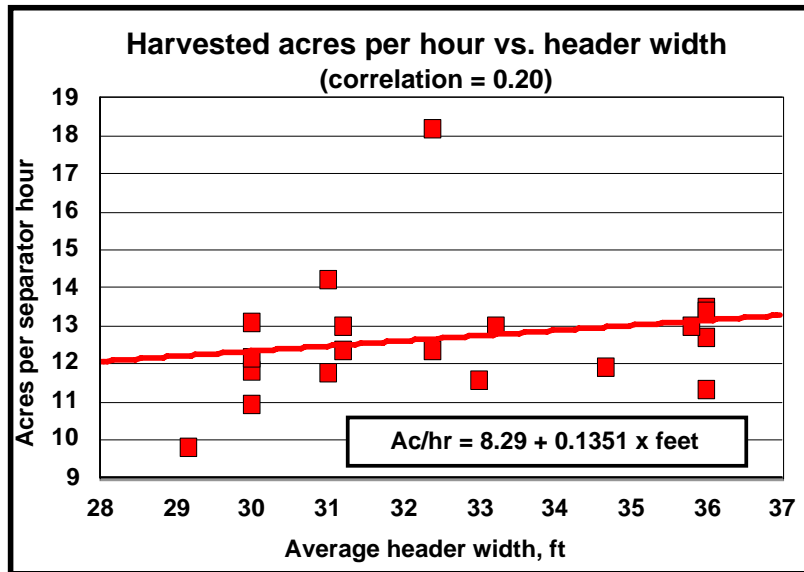
20% greater header width resulted in 7% increase in ac/hr

### 2005 harvest year



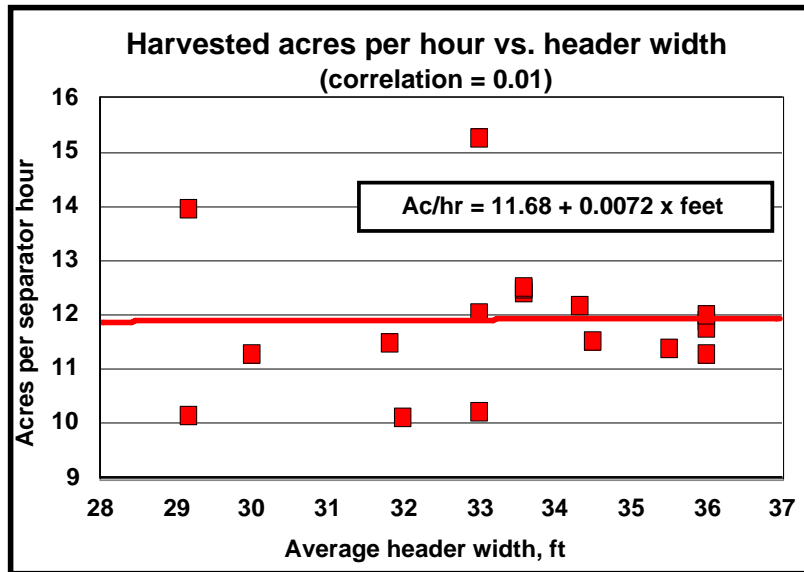
20% greater header width resulted in 6.4% increase in ac/hr  
(analysis based on small grain only, 10.6%)

### 2006 harvest year



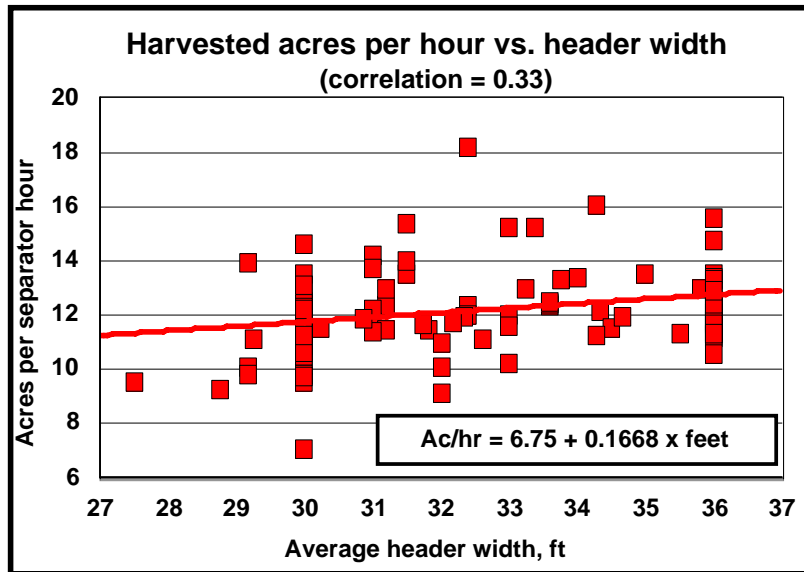
20% greater header width resulted in 6.6% increase in ac/hr  
(analysis based on small grain only, 7.1%)

**2007 harvest year**



20% greater header width resulted in 0.4% increase in ac/hr  
(analysis based on small grain only, 0.5%)

**2003-2007 harvest years**



20% greater header width resulted in 8.5% increase in ac/hr

## Grain Truck Information (116 total)

- **Average year** **1994.6**  
(2006 1992.8; 2005 1992.2; 2004 1992.3; 2003 1991.8; 2002 1991.2; 2001 1989.2; 2000 1989.7)
- **% Tandems** **23.3%**
- **% Semis** **75.0%**
- **% owned** **99%**
- **Avg. mi. in 2007 (89 total)** **15,149**  
(2006 11,864; 2005 15,949; 2004 12433; 2003 12,982; 2002 13,549; 2001 12,692; 2000 19,589)
- **Avg. miles on truck at end of year**  
– (71 total): **561,874**  
(2006 390,281; 2005 486,221; 2004 473,299; 2003 454,461; 2002 552,128; 2001 558,707; 2000 513,162)

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## Value of Assets per Combine Operated

- **Combine** **\$152,803**
- **Platforms** **\$47,541**
- **Other equipment (trucks, etc)** **\$114,117**
- Sub Total** **\$314,461**
  
- **Other assets (balance sheet)** **\$9,037**
- TOTAL** **\$323,498**

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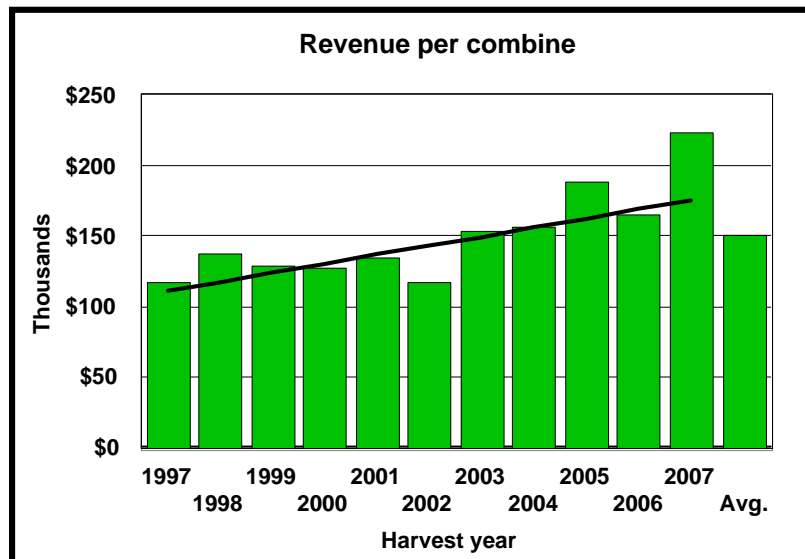
## Equipment depreciation

### Market depreciation (% drop in value)

	2007	2006	2005	2004	2003	2002	2001	2000	1999
• Combines	12.7	12.3	10.3	13.3	14.4	14.0	14.7	15.1	16.1
• Headers/equip	5.4	7.4	6.9	5.0	7.5	7.9	5.1	7.4	9.1
• Trucks	-2.0	-2.5	0.4	4.0	7.2	11.2	11.0	12.1	5.9

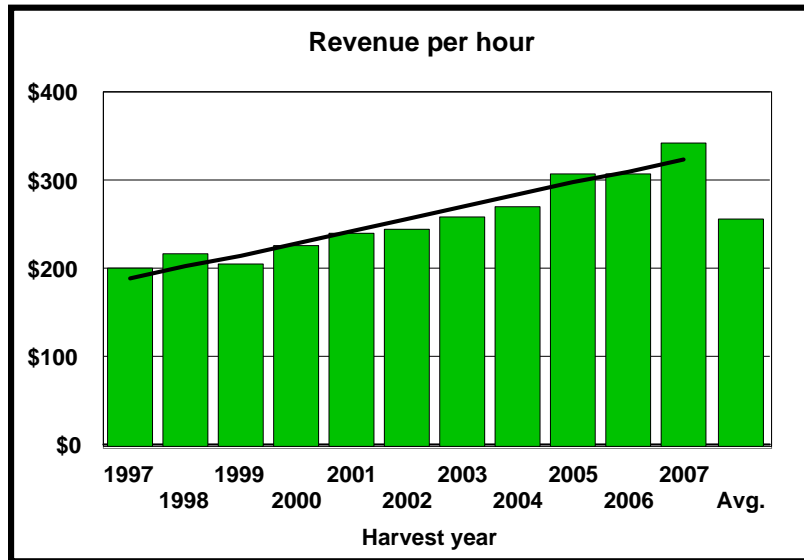
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### Revenue per combine

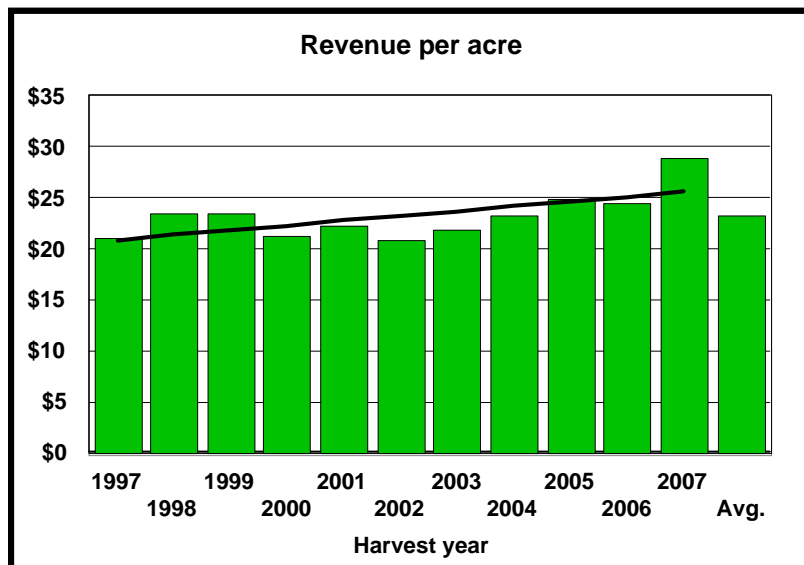


Increase of \$6,404 per year

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Increase of \$13.62 per year



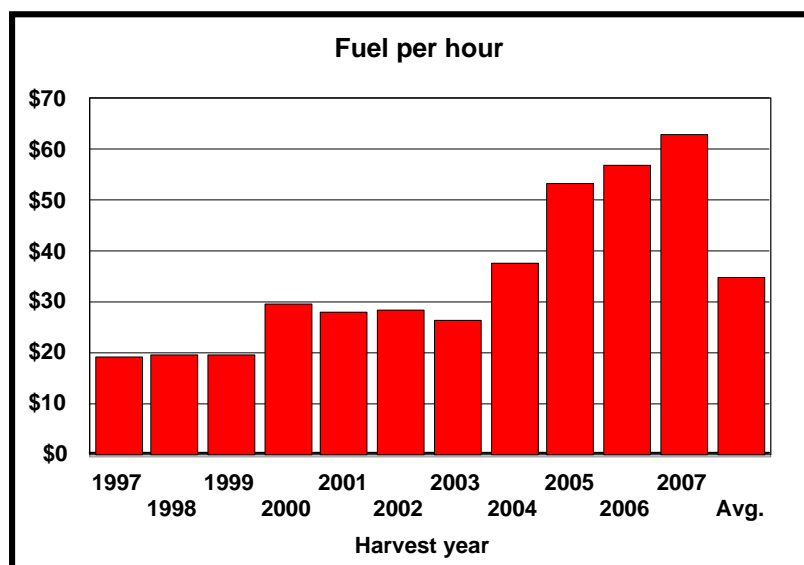
Increase of \$0.47 per year

## Operating Expense Information

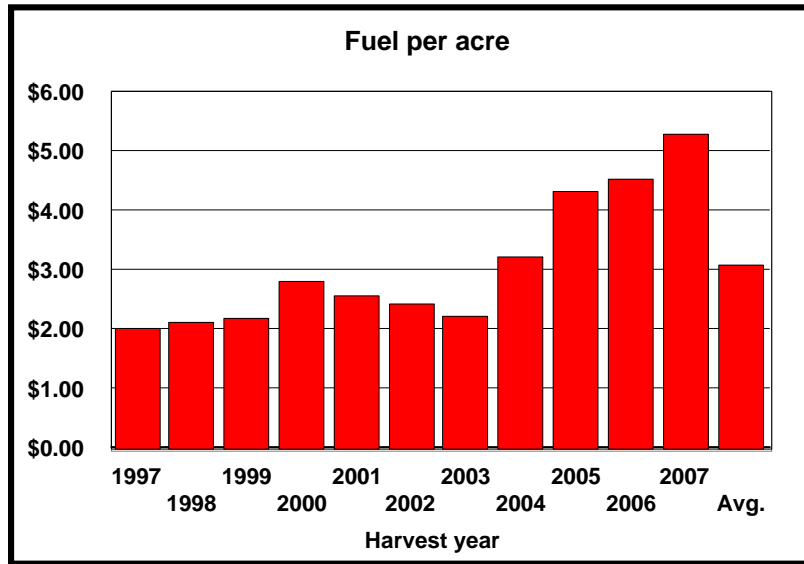
- Labor (paid and unpaid)
- Travel
- Fuel and Lubrication
- Repair and Maintenance
- Insurance
- Telephone and Utilities
- Machine hire and lease
- Other Expenses (prop tax, tags/permits, shop rent)
- Market Depreciation
- Interest on Assets (assigned)



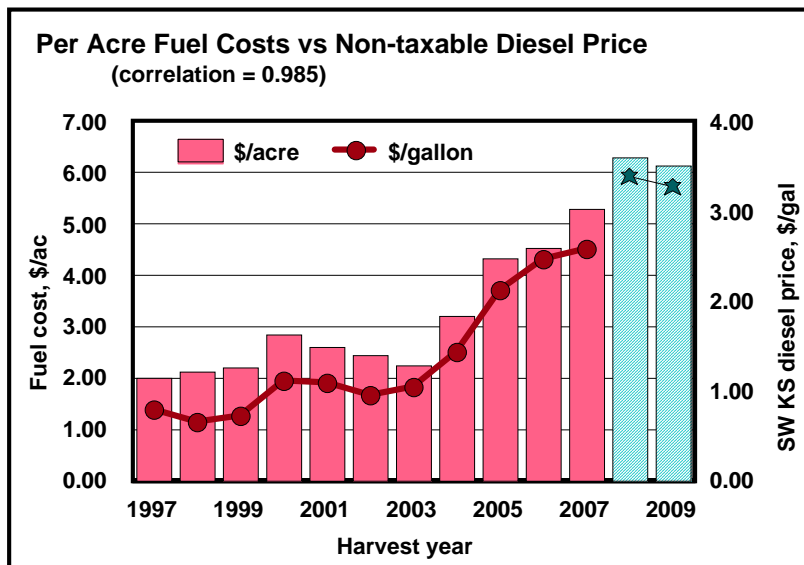
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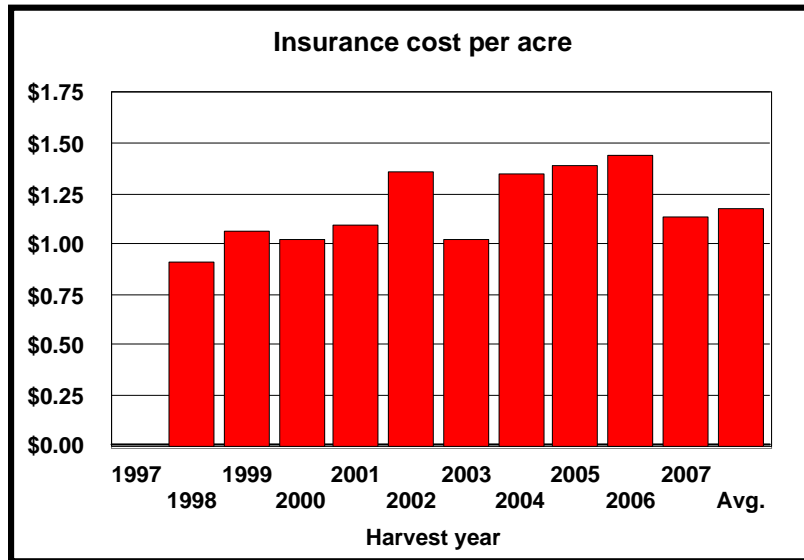
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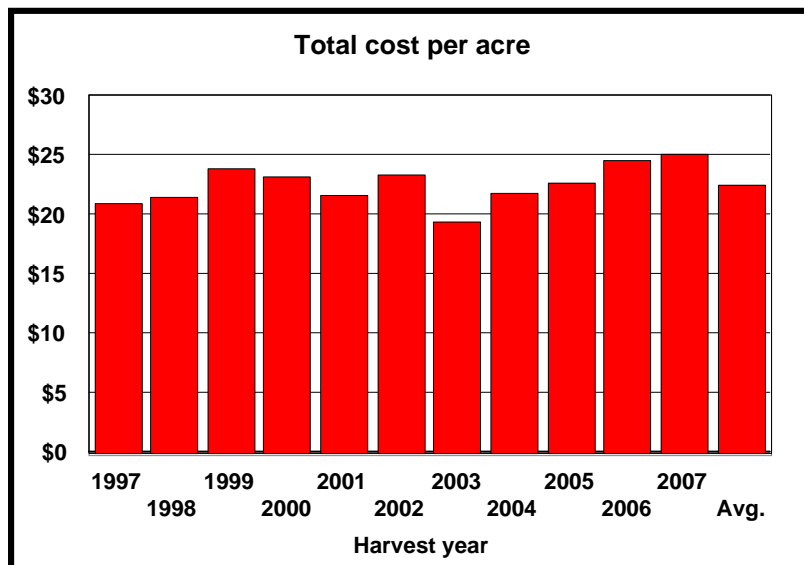
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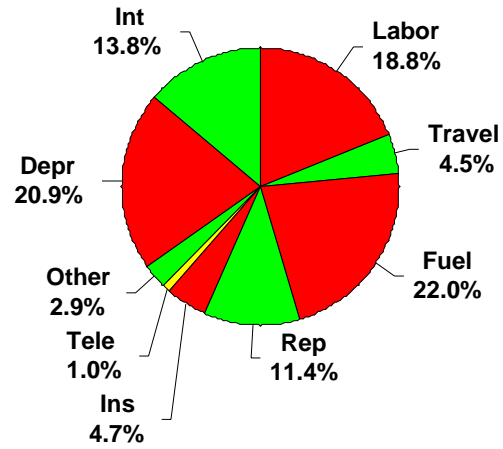


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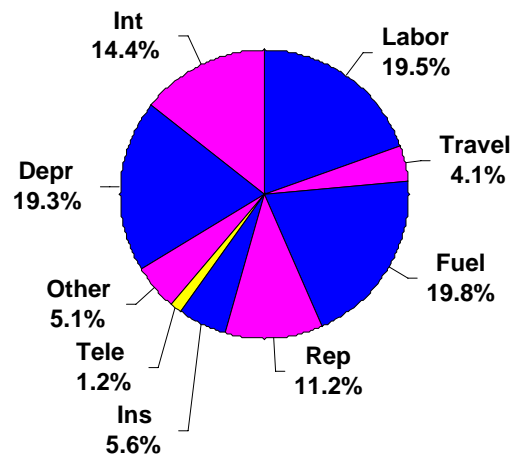


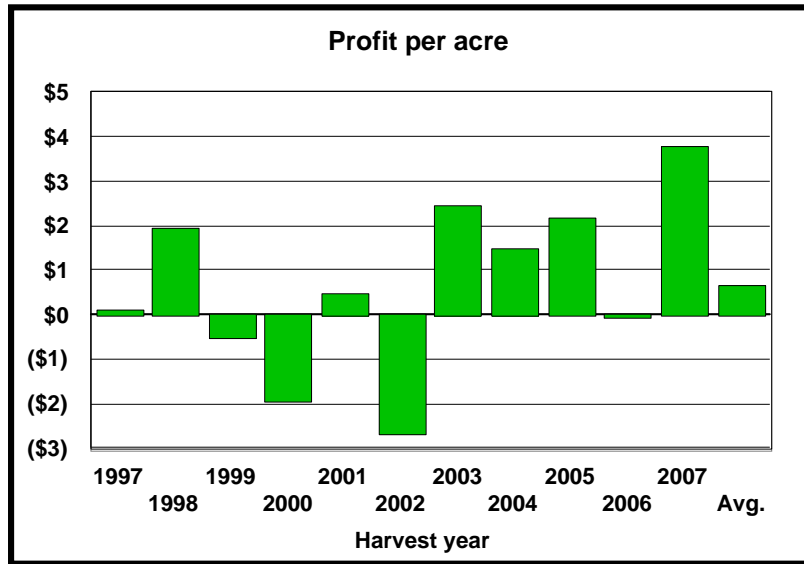
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**Distribution of expenses per acre**

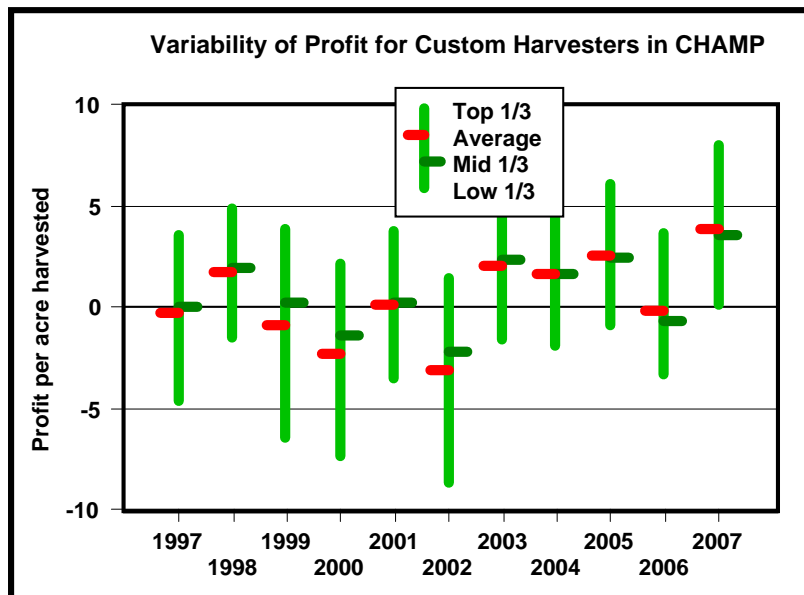


**Distribution of expenses per acre, 2005-07**





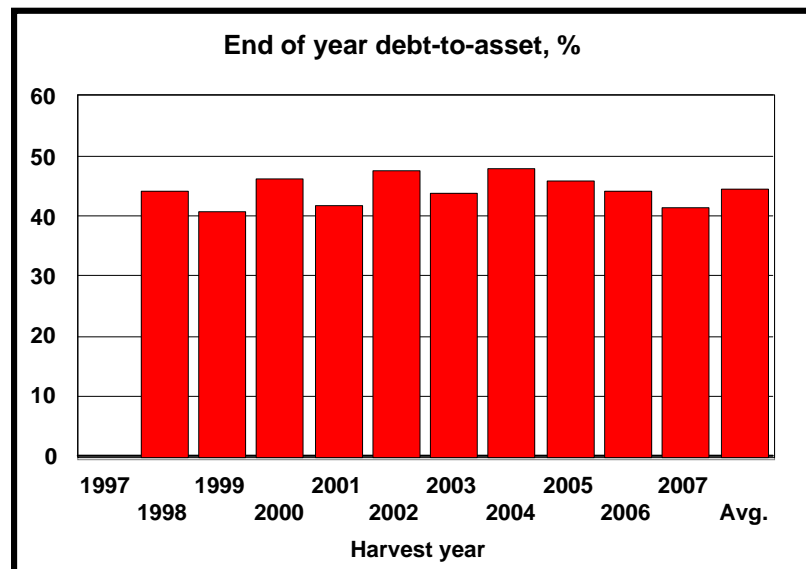
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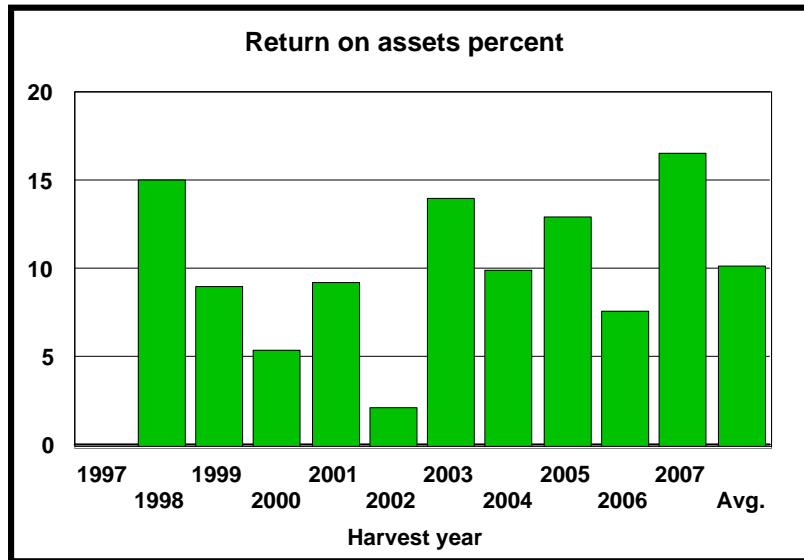


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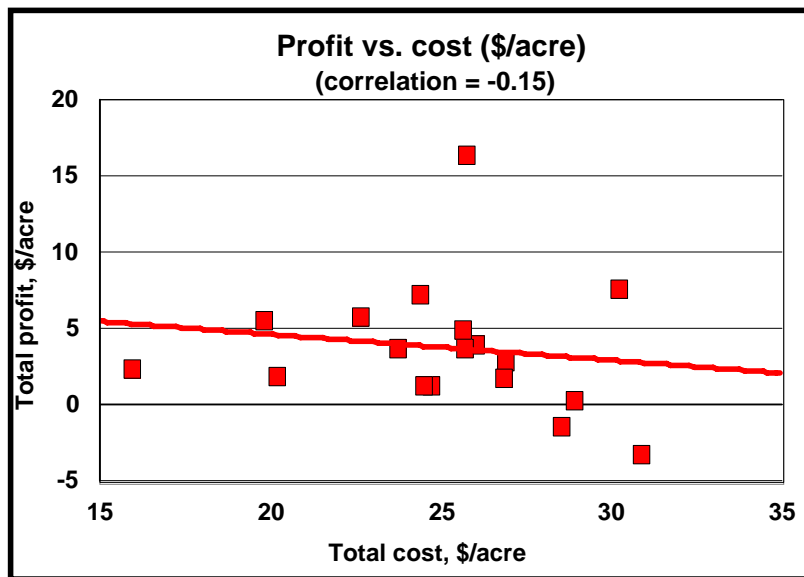
## Profit and Financial Ratios

- Profit = revenue - expense
- Debt-to-assets (D/A) = 
$$\frac{\text{total liabilities}}{\text{total assets}}$$
- Return on Assets (ROA) = 
$$\frac{\text{profit} + \text{interest}}{\text{average assets}}$$

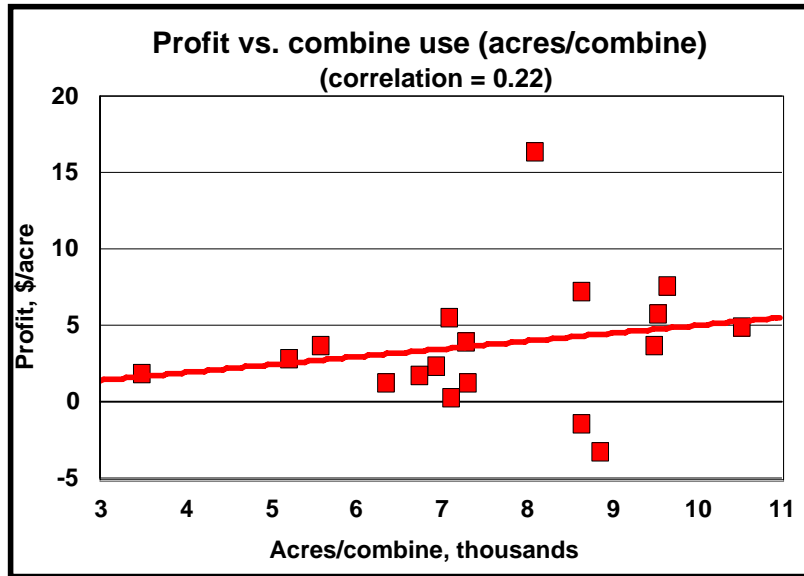




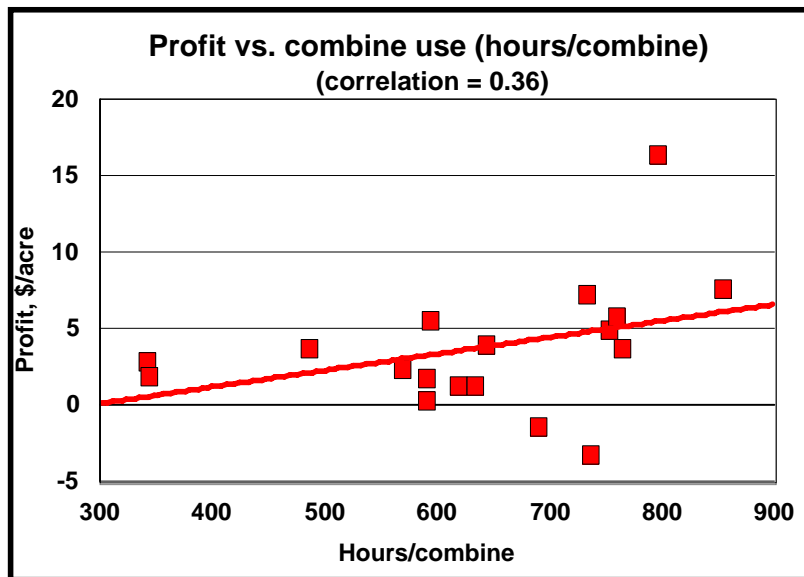
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## Summary

- On average, 2007 was an excellent year
- Of 11 years analyzed, 2007 was:
  - Highest year for fuel costs (up 17%)
  - Insurance went down 21%
  - Highest revenue per hour and per acre (up 18%)
  - Highest year profit-wise (\$3.80/ac)
- Considerable variability between firms
  - 16 of 18 firms were profitable in 2007
  - (7/19 in 2006; 19/23 in 2005; 16/23 in 2004; 17/22 in 2003; 6/21 in 2002; 11/20 in 2001; 9/22 in 2000)

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## Questions???

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