

ADVANCED FARM MANAGEMENT
Agricultural Economics 411
Craig Dobbins, Instructor

1. Course Objectives

- a) Apply strategic management concepts and principals to the management of a farm business.
- b) Evaluate business financial performance using accrual-adjusted financial statements and recommendations of Farm Financial Standards Council.
- c) Use time-value of money concepts to evaluate farm capital investments.
- d) Evaluate management succession plans.
- e) Consider employee polices that will lead to your business to become a preferred place of employment.
- f) Integrate principles from finance, operations, strategy, human resources, marketing, and risk management required to successfully manage a family farm business
- g) Develop insights into the skills required for outstanding farm management and entrepreneurship

2. These objectives will be accomplished in part by:

- a) Reading and studying the methods used for making important farm management decisions
- b) Practice skills of critical thinking, asking questions, and integrating information from various sources to solve problems
- c) Observing farmers in action - thinking, solving problems, making decisions, and attaining the goals and objectives they most desire.
 - Young farmer getting started
 - Established well-managed farm
 - Multi-generation family farms
 - Various enterprises
 - Innovative marketing methods
 - Effective personnel management
 - Other illustrations

3. Schedule

Lectures - Tuesday and Thursday, 10:30 – 11:20 am, Pao Hall B157
Labs - Tuesday and Thursday, 3:30 - 5:20, Beering Hall B222

4. Prerequisites

A basic course in Farm Management (AGEC 31000 or equivalent), Introductory Accounting (MGMT 20000 or 20010) and a general understanding of production, marketing, finance, and personnel management. Since AGEC 411 is a capstone experience, there are things you have learned in previous courses that you are expected to draw upon. Just because an item is not discussed in class, does not mean that it will not appear in an assignment.

5. Grading

Your course grade is a combination of exercises, guest interview questions or topics and summaries, and exams. The percentage of the total points received in each category is weighted by the indicated percentage to determine your overall course score.

a) Exercises - 25%

There will be a number of these during the semester. Many of the exercises will serve as the basis for class discussions. The tentative class schedule indicates an approximate date for when we will be using each exercise. Due dates and other information will be provided at the time we use the exercise. In order to be fair to students who turn in their assignments when due, 30% will be deducted for exercises late more than 2 calendar days.

b) Guest questions & interview summaries – 25%

Under “Guests” in Blackboard Learn there is reference material about many of our guests and two assignments. One assignment asks you to submit a question or topic you want to have discussed with the guest. These suggestions are due by 10:30 am on the day of the guest visit. Submit this assignment using Blackboard. Do not submit as an attachment. Attachments don’t get read. Bring your question or topic to class so you will be sure and get it addressed. Each question/topic assignment is worth 5 points.

The second assignment is composing a paragraph about your take-away points from the visit. These will be posted to a discussion board on Blackboard. The instructions for each assignment indicate items that need to be included. Each summary is worth 10 points. Grades for these assignments are based on providing a well written summary that demonstrates critical thinking, contains complete sentences and no misspelled words. **Summaries are due at the beginning of the class period following the guest visit. Unless you have made prior arrangements, late submissions will not be accepted. If you are not present for the guest visit, the score for the review will be zero.**

c) Exams (3) - 50%

There are two exams during the semester and a final during finals week. You are responsible for all information in readings and lectures.

There will be NO MAKE UP of exams. If a problem or conflict develops, these conflicts will be handled on a case-by-case basis. However, to obtain credit for the exam, arrangements must be made prior to the exam date.

The overall course grade is calculated as follows:

$$\text{Weighted grade} = 0.25 * \text{Percent of Total Exercise Points} + 0.25 * \text{Percent of Total Guest Summary Points} + 0.50 * \text{Percent of Total Exam Points}$$

The grading scale for your weighted course score is as follows:

97.0% or more	A+	93.0-96.9	A	90.0-92.9	A-
87.0-89.9%	B+	83.0-86.9	B	80.0-82.9	B-
77.0-79.9%	C+	73.0-76.9	C	70.0-72.9	C-
67.0-69.9%	D+	63.0-66.9	D	60.0-62.9	D-
59.9 or less	F				

6. - Extra Credit

Extra credit exam points can be obtained by presenting a current topic to the class. A short presentation of the topic and its management implications must be made. This will be followed by a short class discussion of the management implications. Each presentation will be worth 10 exam points. A maximum of 20 exam points will be allowed. This can be done until the last day of class. If you are interested in doing this, please let me know so we can schedule a time.

6. Grade Changes

If you have a question concerning the grading of a test or assignment, write your question on a separate sheet of paper and give it along with the paper in question to me or come to my office to discuss the grading question within one week following the return of the assignment due date.

7. Reference Materials

The textbook for the class is *Economics of Farm Management in a Global Setting* by Kent D. Olson.

In addition, selected extension publications, journal articles, magazine stories, and newsletters are also available as course reference material. These materials are available on the class Blackboard Learn site. If you have any difficulty obtaining these materials, please let me know.

8. Professionalism

A number of farm business managers and other professionals will visit with you in this course. These are outstanding managers. One of these people may become your employer. Regardless of what you think of their management, their goals, their activities, their success, or their presentation, BE POLITE and LOOK PROFESSIONAL (take off your cap). Treat our guests with respect, be interested in their problems, and find out why they made, or are making various decisions. Ask questions ... lots of them. The best way to indicate interest is to ask questions. REMEMBER ... these people are taking time out of their busy schedule to visit with us.

9. Instructor

Craig Dobbins, Room 686 Krannert Building. Phone: 494-9041 e-mail: cdobbins@purdue.edu.

Malissa Allen, Room 681, Krannert Building. Phone: 494-4201

10. Assistance Outside Class

Class time is limited, so it may not be possible to answer all of your questions during class. If you have questions that you would like to discuss outside class time, you are encouraged to call my assistant Malissa Allen at 494-4201 or me at 494-9041 for an appointment. If I am out, leave a message. You can also call me at home (463-1141) but please no calls after 10:00 p.m. It is especially important to hear from you when you are frustrated with this class. If you are frustrated or unhappy with the course for any reason, contacting me will indicate concern and hopefully will result in some relief.

In discussing your questions, please come prepared. Our discussion will be more productive if you have thought about your question(s) and written them out. If your question deals with a computer problem, you will need to bring a copy of your current file. Without this file, it is impossible to locate the problem.

If you wish to contact me by e-mail, my address is cdobbins@purdue.edu.

11. Web Site

A web site on Blackboard Learn has been established <http://www.itap.purdue.edu/learning/tools/blackboard/>. Lecture notes and other materials will be posted here. I will also post information about exercises and other topics in this area from time to time, so be sure to check at least occasionally.

12. Academic Integrity

University policy on academic misconduct is clear - academic dishonesty in any form is strictly prohibited. Instances of academic dishonesty will be referred to the [Dean of Students for disciplinary action](#). Penalties are severe and may include failure on the exam, paper, or project, failure in the course, and/or expulsion from the University. The risks associated with academic dishonesty far outweigh the perceived benefits. Academic dishonesty includes citing someone else's work as your own and using unauthorized aids during exams.

Each student enrolled in AGEC 411 is encouraged to study and work exercises with others and to study past exercises and exam questions. A set of old exams is available on the class web site. While working together is encouraged, the final work that you submit is to be prepared by you and be your own original work. **A narrative answer that is the same as another student is copying. It is not your original work and a violation of University policy.** If you plan to submit the exact same answers as another student in the class, don't! just put both names on the paper and indicate this was a joint effort. The same grade will be given to each of the joint participants.

Academic dishonesty in AGE 411 will be prosecuted to the limit of reason (See [Purdue University Regulations, Student Conduct, Part 5](#)). Interpersonal relationships must be built on a base of integrity and trust. If you are unsure whether an action you are considering constitutes academic dishonesty, seek clarification from your instructor.

13. Special Needs

If you have a disability that requires academic adjustments, please make an appointment with me to discuss your needs. Please note that university policy requires all students with disabilities to register with [Adaptive Programs](#) in the [Office of the Dean of Students](#) before classroom accommodations can be provided.

14. Campus Emergencies & Illness

In the event of a major campus emergency, course requirements, deadlines and grading percentages are subject to changes that may be necessitated by a revised semester calendar or other circumstances beyond the my control. To get information about changes in this course because of a campus emergency see the course web page:

<http://www.itap.purdue.edu/learning/tools/blackboard/>, send me an email (cdobbins@purdue.edu), or call my office(x49041)

If you are ill and have a fever, it is best for you to take care of yourself in a way that will allow you to recover as soon as possible. If your illness requires you to miss a guest presentation, one way to make up the missed points is to present a current management topic to the class.

14. Course Agenda

**AGEC 411 - FARM MANAGEMENT
2013 TENTATIVE CLASS SCHEDULE**

Week	Date		Topic/Reminder	Reference Material
1	8/23	Lecture	What is course all about	
		Lab	Management is...	Olson, Chapter 2 Management Inventory
	8/25	Lecture	Management is...	Farmers as Plant Managers and General Managers: Which Hat Do You Wear? ID-236 Exercise #1
		Lab	Farmer Interview - Lance & Ashley Unger	Del Unger Farms (Farm Management Tour Story)
2	8/30	Lecture	Values, Vision, & Goals	Olson, Chapter 7 Focus on Success: Objectives and Goals Exercise #2
		Lab	Farmer Interview – Karen & Tom McKinney	
	9/1	Lecture	External Business Environment	Olson, Chapter 8, p. 102-116 Farming in the 21st Century
		Lab	Farmer Interview – Clayton McCammack	McCammack Farms (Farm Management Tour Story 2003)
3	9/6	Lecture	Internal Analysis	Olson, Chapter 8, p. 116-124
		Lab	Guest Presentation - Dr. Michael Boehlje	Olson, Chapter 27, Exercise #3
	9/8	Lecture	Strategy Development	Olson, Chapter 9 Capital Accumulation and Resource Adjustments Management Factors: What is Important, Prices, Yields, Costs, or Technology Adoption? Exercise #4
		Lab	Balance Sheet and Income Statement	Olson, Chapter 12 Exercise #5
4	9/13	Lecture	Statement of Owner's Equity	Olson, Chapter 12 Exercise 5 Cont'd
		Lab	Statement of Cash Flows	Olson, Chapter 12 Exercise 5 Cont'd
	9/15	Lecture	Profitability Analysis	Olsen, Chapter 13

		Lab	Income Statement, Statement of Owner Equity, & Statement of Cash Flows	Exercise #6
5	9/20	Lecture	Repayment capacity	Olsen, Chapter 13
		Lab	Ag Lender Panel Cary Mawbey, First Farmers Bank & Trust Matt Leahy, FCS , and Greg Foulke, FSA	How to Borrow Money in the 90's The Five C's of Credit Benchmarking: How Today's Bankers Size You Up Parts 1, 2, & 3
	9/22	Lecture	Cost Structure of Production Agriculture	Olson, Chapter 15 Exercise #7 2016 Purdue Crop Cost & Return Guide, ID-166W Cost Structure and Control: The Dominant Issues in Farm Management
		Lab	Agribusiness Interview - Ted Merrell	Merrell Brothers, Inc. (Farm Management Tour Story) Merrell Brothers (Web Site)
6	9/27	Lecture	Liquidity, solvency, and financial efficiency	Olsen, Chapter 13 Financial Trouble Shooting, Pm-1618
		Lab	Profitability Analysis	Exercise #8 – Part 1
	9/29	Lecture	Profitability Analysis	Exercise #8 – Part 2
		Lab	EXAM 1	
7	10/4	Lecture	Income taxes, Self-Employment taxes, Medicare taxes, Capital Gain taxes, and After-tax Income	Farmer's Tax Guide, IRS Publication 225 (Primary Committee)
		Lab	Deferred Income Tax	Exercise #9 (Primary Committee)
	10/6	Lecture	Risk Management – Payoffs, Probabilities, Expected Values, & Decisions	Olson, Chapter 22 Visualize Your Risk Managing the Risk – Capturing the Opportunity In Crop Farming
		Lab	Are contracts risk reducing?	Exercise #10 - Horse Hay Contract c
8	10/11	Lecture & Lab	Fall Break	
	10/13	Lecture	Evaluating Contracts	Olson, Chapter 23
		Lab	Agribusiness Interview – Steve Smith, Red Gold	Red Gold (Web Site)

9	10/18	Lecture	Risk Management – Crop Insurance Michael Langemeier	
		Lab	Crop insurance evaluation	Exercise #11
	10/20	Lecture	FFA National Convention	
		Lab	FFA National Convention	
10	10/25	Lecture	Land Rental I	Olson, Chapter 21 p. 400-407 Legal Aspects of Indiana Farmland Leases and Federal Tax Considerations, EC-713 Indiana Cash Farm Lease EC – 257-W Ag Lease 101 (Web Site) Flexible Farm Lease Agreements Flexible Cash Rent Lease Examples
		Lab	Exercise #12 –Lease Terms Affect Range of Returns!	
	10/27	Lecture	Land Rental II	
		Lab	Exercise 13 Part 2 Alternative Farmland Leases	
11	11/1	Lecture	Investment Analysis: Profitability Investment Analysis: Feasibility	Olson, Chapter 14, & 20 Capital Investment Analysis and Project Assessment EC-731 Olson, Chapter 14 & 20
		Lab	Farm Management Howard Halderman and Dean Retherford	Halderman Farm Management (Web site)
	11/3	Lecture	Arithmetic of Valuing and Paying for Farmland	Olson, Chapter 21 p. 394-400 Indiana farmland Values and Cash Rents Continue Downward Adjustment , <i>Purdue Agricultural Economics Report</i> , August, 2016
		Lab	Farmer Interview – Glenn Abbett OK	Abbett Farms (Farm Management Tour Story) Abbett Farms (Web)
12	11/8	Lecture	Succession Planning – Is There Enough Income	Key Financial Performance Measures for Farm General Managers, ID-243
		Lab	Donald Tyler, Management Coach	Tyler & Associates (Web Site)
	11/10	Lecture	Business Models for Income Sharing	Olson, Chapter 25

		Lab	Exam II	
13	11/15	Lecture	Succession Planning – People Issues	Olson, Chapter 26 Two Generation Farming Step 3: Making It Work Exercise #14
		Lab	Farmer Interview –Sam Erwin	Pickin Patch, Indiana Berry and Plant Company, Produce Promotions, and Superb Horticulture (Farm Management Tour Story)
	11/17	Lecture	Business Entities	Olson, Chapter 25 Utilizing Partnerships & Corporations to Transfer Farm Assets Limited Liability Company: A Farm Business Arrangement Alternative General Partnership for Agricultural Producers
		Lab	Nick Frey, WCI Farms	WCI Farms web site www.wcifamilyfarms.com
14	11/22	Lecture	Personnel Management – Organizational Structure	Olson, Chapter 24 (p. 464-473) Principals for Structuring Small Businesses and Farms EC-729 Developing Effective Job Descriptions for Small Businesses and Farms, EC-728
		Lab	Late Tuesday afternoon before Thanksgiving break. Where is everyone?	
	11/24	Lecture & Lab	Thanksgiving Break	
15	11/29	Lecture	Personnel Management – Supervising, Compensation, and Performance Case	Olson, Chapter 24 (p. 475-484)
		Lab	Farmer Interview – Rob & Joe Mann	White Oak Farms (Farm Management Tour Story)
	12/1	Lecture	Personnel Management – Recruiting, Hiring, & Legal Aspects	Olson, Chapter 24 (p. 464-473) Sample Interview Questions
		Lab	Guest Interview –Jim Hedrick, Horizon Ag Consulting, LLC & Sagamore Ag Source, LLC	Advantages of a Buying Group

16	12/6	Lecture		
		Lab	Farmer interview – Alan Anderson	
	12/8	Lecture	Semester wrap-up	
		Lab		

Final during finals week. Hope for it to be early in the week.