Maintaining the Cutting Edge

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Farm Management Associations: Bridging the Information Gap between Agricultural Producers, Extension Educational Programs and Applied Research Activities

Richard Trimble, organizer (University of Kentucky)
Buel Lanpher, moderator (USDA/ES)
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Don Pretzer (Kansas State University)
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Charles Moore, Sr. (North Carolina State University)
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Farm management association programs have the objective of providing farmers with indepth (largely one-on-one) assistance in farm management decisionmaking. The programs operate under a mutual agreement between the association and Extension under which (1) they jointly employ a farm management specialist (fieldman) who provides the indepth assistance; (2) association members pay fees to cover a major proportion of program costs; (3) members provide record data which is summarized and analyzed, and used in assisting members with management decisions; (4) record data and analysis is used in other Extension and research programs; and (5) fieldmen receive training, organizational support, and subject matter support from subject matter departments of the college of agriculture.

A survey of long-time association members found that they feel they have received substantial benefits from the program and a majority indicated a willingness to pay higher fees for the program. In some states the member fees pay up to 95% of their program operating costs.

Farm management association programs have existed in several midwestern states for many years--over half a century in a few states such as Illinois and Kansas. Some states, such as Alabama, have organized associations in more recent years. For states considering starting association programs, emphasis was placed on: (1) need for strong administrative support; (2) need to employ a highly experienced and competent person as the first fieldman; (3) need for the program to be subsidized during the first year (and possibly second year) until member fees are received; and (4) need for the fieldman and the program to be provided with continuous support and backstopping by other state and county extension staff.

Farm Marketing Practices: What Are They and How Can We Improve Them?

James Mintert, organizer (Kansas State University)
William Tierney, Jr., organizer and moderator (Kansas State University)
James Mintert, William Tierney, Jr. (Kansas State University)
Roland Smith (Texas A&M University)
Henry Bahn (Montana State University)

Roland Smith presented preliminary results of a survey of farmers in selected states. Most felt that their market information needs were being met. Most producers used cash marketing rather than forward contracts or futures/options hedges. There was a positive correlation between farm size and the use of advanced marketing techniques. Farm indebtedness seemed to influence farmers choice of marketing practices.

Jim Mintert described the marketing practices of Kansas producers based on surveys done in Kansas. Again, most producers used cash marketing. A higher percentage of farmers attending Extension outlook sessions developed written marketing plans and used advanced marketing techniques. Two surveys on risk perceptions of farmers and agricultural lenders found that both ranked marketing risk as the most important risk element in agricultural operations.

Bill Tierney presented preliminary results of a survey of 55 producer marketing clubs in Kansas. The clubs followed market developments for 3-5 commodities, developed simulated marketing plans, and traded a small number of futures and options contracts. The majority of club members were full-time farmers/ranchers with little experience with advanced marketing techniques. About two-thirds of the club members were using what they learned and were developing their own marketing plans. About half were using advanced marketing techniques.

Henry Bahn reported on an intensive week-long marketing education program limited to 60 farmers. The program's curriculum included market functions and farm marketing strategies. The program included participants, faculty, brokers, grain merchandisers, ag-lenders, and others. Participants rated the program very highly; the majority reported using what they learned in their own marketing activities.

Discussion focused on several issues. Lack of use of futures or options does not imply poor marketing practices. In many cases, these marketing alternatives are inappropriate given the market situation or a farmer's marketing objectives. However, the total absence of ever using advanced marketing techniques certainly would suggest inadequate attention to marketing. Extension may want to develop a program to teach farmers how to "manage commodity speculation" since that may more closely fit their utility functions. Several persons mentioned the need for more research on farmers market risk preferences. Extension programs seem to give inadequate attention to integrating government programs into an analysis of marketing behavior or recommended marketing practices.