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EXTENSION WORK WITH MARKETING FIRMS

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Work with marketing firms is a relatively new area in extension. Development of extension work in this area of assemblers, processors and distributors was retarded by certain barriers which had been built over the years. These include (1) the philosophy throughout the extension organization that farmers needed assistance in order to adequately compete with experienced buyers and sellers in agricultural businesses, (2) the organizational structure of extension as it is now organized along county lines (impractical as a basis for organizing certain trade groups), and (3) the farm oriented training which most specialists and county extension agents receive. Many states have now developed extension programs with marketing firms in spite of these barriers.

The primary objective in work with marketing firms is to increase the profits of individual firms. When firms adopt marketing improvements, the adopting firms receive the initial profits. Through competition the improvement will spread to other firms so that improvement in marketing efficiency is reflected across the industry. Eventually, consumers and producers will receive the benefits of the improvement. They may be in the form of higher prices and improved service to farmers, and lower food costs and improved quality to consumers.

Areas of Work with Marketing Firms

What areas of work can be effectively developed with marketing firms? These can be classified into four categories: operational efficiency, pricing efficiency, market knowledge and market location. Operational efficiency is a needed area for work by the admission of most managers of marketing firms. It involves improvement in methods, equipment and layout, usually with an aim to increasing plant output per unit of input. Labor is usually the largest item of operating cost. It is natural, therefore, that work with marketing firms include work to improve the use of labor. Pricing efficiency is coupled with operational efficiency. Managers of marketing firms are anxious to price their inputs in such a way as to yield a maximum value of output. They need adequate information on current prices, prospective supplies, and market facilities to make decisions to their best advantage. Market knowledge should be constantly improved to the manager of a marketing firm. This involves the market demand and supply situation, meaningful price quotations, description of market areas, procedures used in accomplishing the facilitating functions, and the character of competition within the industry. Market location questions center around the size, site, and physical facilities for handling products and performing services. Most marketing firms handling agricultural products are interested in all four of these work areas, and extension workers are now equipped to make substantial contributions to them.

How to Develop a Marketing Extension Program

The extension worker must become well informed about the trade in order to do effective work with marketing firms. He must gain the confidence of managers in the trade with whom he plans to work. Without this confidence the best laid plans will not develop into a satisfactory extension program. Valuable information can be obtained and confidence can be bolstered by surveys of facilities and operations of marketing firms, discussions with managerial personnel, reading of the trade publications and attending meetings of the trade associations. These activities should

be coupled with a sincere desire to help, and a personal respect for the manager of an agricultural business. Familiarity with the industry also is important in sorting out well defined problems around which extension programs can be built.

The extension worker must have something definite to contribute to the managers of marketing firms. An over-all approach seldom results in effective work. It becomes important, therefore, to identify specific problems with particular segments of an industry or trade group in order to make extension work in the area meaningful. Too often the problem is defined in the extension office without adequate consultation with the trade. A survey of the trade may pay rich dividends in this problem identification stage. One real problem around which a meaningful extension program is organized will accomplish more than a general program built around a vague objective.

Good research is the backbone of a good extension program. Probably in no other area of extension is this axiom more significant than in work with marketing firms. Enough creditable research has been done to form the basis for a sound extension program in many areas beyond the farm level. Much more, however, remains to be done. Worthwhile contributions to many agricultural businesses can be made by thorough descriptions of the industry. A paucity of this type of information frequently prevents the making of rational business decisions. An important part of extension work with marketing firms involves extensive study of available literature to glean principles that can be applied to specific industry problems. Fortunately, the results of much of the research work with marketing firms has wide application. The extension worker need not be restricted geographically in gathering useful information for his work as he would be restricted in certain production work. Judicious selection of research results and thorough application of these to the problems selected will go far in commanding the respect of the trade for extension work with that industry.

The trade association can be important as a vehicle in extending research information to a trade group. Since it may be impractical to organize the work along county lines, district and state meetings of the trade association may offer the best opportunities for presenting material to the managers of these marketing firms on a group basis. The extension worker must, therefore, devote considerable attention to the development of working relations with the trade association, and to the development of material that can be presented in a trade convention environment. Once these working relationships are developed, the extension worker may be able to make occasional releases of information through trade association newsletters. The extension worker should frequently publish newsletter material, timely extension leaflets, and articles in trade publications. It should be concise and attractively packaged for ready reference by busy managers.

Individual companies who have business connections with a number of marketing firms may prove helpful in extension work with these firms. These companies may have district managers, sales managers or field men who do certain types of "extension work" for the company. Small group meetings for the presentation of certain types of information can sometimes be arranged through these company "extension" men. The groups may be small enough that the extension worker can utilize the workshop approach with open discussion and consideration of a few individual problems. Obviously, the extension worker must not cater to one group within the trade to the exclusion of others in extending information by this method.

Sometimes the most effective work in an extension program with marketing firms

can be done in consultation with individual managers. Confidence developed by effective work through groups will enable the extension worker to arrange such individual consultations. Here is the place where objectives can be spelled out, problems can be defined, alternative solutions can be presented, and the consequences of each solution tentatively evaluated. Managers appear to welcome this type of approach from extension workers since they are frequently bombarded with one-sided approaches from salesmen who call on them. The request for a consultation may come through the trade association secretary, direct from the manager of the marketing firm, through the county agent or, in some instances, the extension worker may need to "stimulate" a request for discussion of problems of an individual firm. The consultation may take only a few minutes, or it may last an hour, a day, a week or even longer. The extension worker should maintain reports of these consultations for future reference and planning.

Additional information bearing on the solution to the problem discussed may be mailed to the manager following the consultation. This method of individual planning helps both parties concerned. The extension worker learns more about the operations of the firm and the things important to the manager in making his decisions. When a firm makes an improvement in the marketing of the products it handles, the profits will first accrue to the management of the firm. The improvement will spread to other firms. Benefits will eventually be realized by many farm firms with which the marketing firms are connected. These benefits may be in the form of higher prices for farm products, lower supply prices, lower cost service, improved service, or improved distribution to widen the market for farm products.

The extension of research results to marketing firms can be illustrated by the method used in Indiana to inform feed mill managers of labor efficiency work done in feed grinding and mixing. The steps in the procedure were as follows:

1. Preliminary results of research were presented at a state meeting of the trade association.
2. All county agents and all feed mill managers in the state received copies of the report by mail.
3. Several meetings were arranged with small groups of feed mill managers to discuss certain phases of the labor efficiency study. Some of these were arranged by county agents and others by district representatives of feed companies.
4. Many individual consultations with managers resulted from the group meetings and the mail contacts.

The results of extension work can be evaluated in more meaningful terms when specific problems are defined and solved as outlined above. For the individual firm, the results can be readily measured by citing the specific improvements made, such as time saved or quality improved. However, when evaluation on an industry basis is to be made, realistic bench-marks need to be developed. The number of meetings held, and the number of people in attendance are obviously inadequate measuring devices. Two measures that have proven useful in evaluating results of extension work in operating efficiency with marketing firms are (1) gross income per worker, and (2) total physical output per unit of labor. These measures permit comparisons

between plants, between geographic areas, and with other years.

To achieve satisfactory results in work with marketing firms, the extension worker should:

1. Inform himself adequately about the industry.
2. Use this information to gain the confidence of management.
3. Select and define problems for work in cooperation with the trade.
4. Base alternative solutions on results of research.
5. Enlist the assistance of county extension personnel when possible.
6. Work with and through trade associations.
7. Develop working relationships with company "extension men."
8. Consult with individual managers as much as time will permit.
9. Publish in extension and trade literature.