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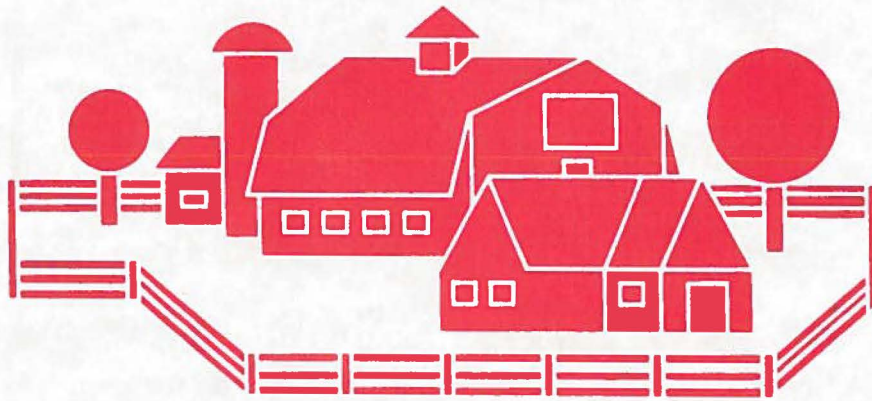
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FARM MANAGEMENT: CHALLENGES AND RESPONSIBILITIES FOR A NEW AGE



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MANAGING EFFECTIVELY WITH FEWER RESOURCES

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Due to restrictions on out-of-state travel, I did not attend the North Central Extension Farm Management Committee meeting two years ago. The result: "Managing Effectively with Fewer Resources" was the workshop topic assigned to me. There's something about this topic that really bothers me. There is a suggestion of retrenchment tactics and therefore "fewer resources" will be a self-fulfilling prophesy. In Missouri, we have always advocated very positive and aggressive tactics (even in times of restrained budgets) in an attempt to increase farm management resources.

However, we can't deny the outlook for increased state and federal appropriations for extension is not bright. I think most of us would agree that real tax support dollars are likely to remain static or perhaps decline in the future. Some states, including Missouri, have already seen the effects of reduced extension budgets. Since 1981, the academic FTE's in the University of Missouri Extension Agricultural Economics have been cut by 26 percent which is equivalent to 3½ faculty positions. In addition, 2½ FTE's in non-academic support staff have "vanished" during this period. Our extension E and E¹ budget to support our academic staff has also been reduced during this period. We now have fewer faculty resources and fewer support dollars to do our extension mission. So, "managing effectively with fewer resources" is not really a choice for us ... it is a necessity!

There is one redeeming feature when extension budgets are cut. It forces us to look more carefully at what we are doing. In fact, we must take some of our own advice we frequently tell farmers: "You need a clearly defined objective. You need an overall strategy or plan to reach this objective. And, you need an efficient set of methods and tools to get the job accomplished." Applied to our own agricultural economics extension programs, we need to clarify our role as Extension Economists and set priorities on key audiences, subject matter, activities, and methods needed to accomplish our objectives. How we do this in Missouri will determine the future support of our programs.

In the context of the conditions that continue to squeeze available resources, I will discuss:

1. Our role as an Extension Economist - Farm Management.
2. Four basic strategies to meet the challenge.

¹E and E budgets are the non-salary dollars for travel, telephone, supplies, publications, etc.

Our Role as Extension Economist - Farm Management

On clarifying our role as an Extension Economist, John Ikerd, University of Georgia, has effectively given us a starting place. He has really done Extension Economists a service by his professional writing and by proudly lifting the extension flag for other agricultural economists to see. Ikerd describes the role of the Extension Economist as follows:

The professional role of the extension economist will become increasingly the role of an educator with a declining emphasis on information and direct service. There will be less reliance on personal delivery systems and greater reliance on electronic communications to deliver these educational programs. This will allow extension to reach its varied clientele with timely programs that are designed specifically for each target audience. Extension agricultural economists will come to view their role increasingly as agricultural economists working in extension rather than extension workers in agricultural economics.

The Smith-Lever Act defines the primary functions of agricultural extension as diffusion of information and encouragement of its application and instruction or education in agricultural subjects. John says that we need to teach or educate - not just "diffuse" practical and useful information. I agree that our primary role in these times must be that of a teacher with less emphasis on service or technical information delivery. Public libraries, service agencies, and the private sector can perhaps best provide these functions. This does not mean that we completely abandon our "one-on-one application of knowledge and techniques" role with farm audiences. We must continue to keep in touch with developments on the farm and not be exiled from the real world. However, our key role is that of a teacher - integrating economic principles and concepts with research and economic analyses to help our audiences make better decisions. And we must face the fact that we will not be able to operate as in the past - personally delivering information or messages over the state. Rather, we are forced to seek, to learn, and to rely on new or different extension delivery systems. These will include the fuller use of: computer information systems, TV cassettes, telephone talk back, mass media, publications, etc. - depending on the subject matter and the target audience.

John also suggests a varied target clientele. Who are your target audiences today in farm management? This is certainly a relevant question in Missouri. Eighty percent of our 112,000 census farms produce less than \$40,000 in farm sales. About 12 percent of the farms have sales between \$40,000 and \$100,000. Only 8 percent produce over \$100,000 in farm sales. Can we really ignore any of these groups in our educational programs in farm management? If you suggest that we work only with the commercial farmers, then we have a "numbers" problem. We also need to remember that the majority of our rural clientele in Missouri are the part-time or small farmers. We need their support for our local or county extension programs. So, we must design special farm management educational programs according to needs and rank our efforts to reach these clientele groups more effectively.

With this basic background, we are trying to cope with fewer budgeted resources for extension farm management. Our four basic strategies to date are:

1. Prioritizing extension programs or activities.
2. More efficient use of resources.
3. Search for additional resources.
4. Sharing resources.

Prioritizing Extension Programs

First of all, we are in the process of placing some priorities on our audiences, programs, and activities. This has not been easy. In the past, extension farm management in Missouri has provided much of the leadership for multidisciplinary extension educational programs. Programs such as Balanced Farming in the 50's and 60's, Small Farm Family in the early 70's, and the Family Farm Development program in the late 70's have had their roots in the Agricultural Economics Department. These were special "audience-oriented" programs with a one-on-one approach as a major thrust in delivery. Although these audiences are still considered important in terms of farm management educational programs, our shrinking resources simply cannot do justice to all "good" programs. As a result, we have relinquished a major leadership role with the Small Farm Family Program to Lincoln University at Jefferson City. We have also phased out the Family Farm Development program as a major activity of farm management extension in the past year.

Another traditional farm management activity that has been "removed" from our heavy involvement is the income tax institutes for tax practitioners. The planning and conducting of income tax institutes is now carried out by an extension lawyer (with special tax expertise) not in the Agricultural Economics Department.

As a result of dropping some activities or programs, we have begun to establish some priority programs and audiences in farm management. These include: MIR (Management Information Records) program, educational programs in farm financial management, enterprise economics, and the integration of computers in farm decision making. Our emphasis will be in developing indepth or university level courses or workshops. However, it is difficult to "give up" programs that have been successful in the past. But, times change and we need to change - and the "budget crunch" is a strong motivating force for all of us.

More Efficient Use of Our Resources

In Missouri, we have tried to multiply our efforts by "teaching teachers" as much as possible. Although we must still do direct teaching for some indepth courses or workshops, our major responsibility is to provide in-service training for the Area Farm Management Specialists. Other key "teacher" audiences include: other extension specialists, agricultural lenders, agricultural teachers, and agricultural businesses.

In addition to special in-service training for Area Farm Management Specialists, we have also conducted schools and seminars for lenders emphasizing financial management and analysis. A word of caution: there is a danger in the loss of visibility in the "teaching teachers" approach rather than the traditional direct delivery to farm audiences. However, timely news releases, magazine articles, radio, TV, etc., do provide opportunities for specialists to maintain visibility.

We are also considering other delivery methods for more efficiency. Although it's been around for awhile, we are now using the amplified telephone system for various conferences and meetings. This is being done with some reluctance because face-to-face meetings are much preferred by most of us. Myron Bennett (Farm Management Specialist) and his colleagues from the Dairy Department recently used the amplified telephone system to reach statewide audiences of dairy farmers with timely information on the self-help diversion program. I recently had a planning meeting by amplified telephone with a group of specialists located over the state. We probably accomplished more by telephone in one hour than we would have in a one-half day meeting in Columbia.

We are also getting acquainted with some of the new electronic communications at Missouri. Norlin Hein (Farm Management Specialist) has recently installed an electronic bulletin board in the Agricultural Economics Department. This will be used to increase efficiency in distributing information on farm management and computer technology to Missouri farmers and extension specialists. It also will enhance the receipt of MIR data from farmers and the return of reports and other information to them. The Agriculture Electronic Bulletin Board will also be used to distribute electronic spreadsheet templates, ideas, and messages between and among farmers, area specialists, and faculty in the department.

Steve Matthews (Extension Economist - Ag. Law) has recently developed a set of TV tapes on bankruptcy that are being shown in farm homes via VCRs. Let's not overlook the farm press - an essentially free delivery system for a lot of our farm management programs. Recently, we used the statewide "Brownfield Radio Network" to get a timely message out to farmers on a deadline for amending income tax returns. In Missouri, we have a great extension farm news service which reaches most radio, TV, and newspapers in the state.

Search for Additional Resources

Another strategy to cope with fewer resources is the search for additional resources. Extension specialists are not the best salesmen in the world to seek out and obtain additional resources (other than traditional funds). We simply get "too busy doing our jobs" and depending on benevolent administrators for allocating hard dollars for our salaries and support. We need an Abner Womack type to shake us up a little. Abner Womack (University of Missouri Extension Economist) manages a major segment of the Food and Agricultural Policy Research Institute (FAPRI). He maintains a large support staff in the department entirely financed with soft money. Abner has reminded me that farm management has much to sell to outside sources if we can get it packaged and delivered. In the past two years, we have begun to seriously explore other avenues for

additional resources. We recently received a special grant (approximately \$250,000 per year) from the Missouri Department of Agriculture to establish a system of hiring and training financial consultants to work with financially distressed families in Missouri. This is our MOFARMS program which has taken some of the one-on-one consulting pressure from the Farm Management Specialists during the current farm crisis.

We have also received additional funds from a special ES grant last year to help in our financial management program with these families. These funds are primarily being used to provide in-service training and support for our field staff in counseling farm families.

Another avenue of outside funds considered is an appropriate user fee structure for workshops, publications, and seminars that will at least cover our costs. We are charging fees for our annual Ag. Lender Seminars and some of our meetings out-state. As we develop indepth courses in farm business planning and financial management in the future, enrollment fees or tuition will be assessed much the same as on-campus courses.

Sharing Resources

The regional extension committees such as the North Central Farm Management provide an excellent method for sharing farm management materials and ideas. The exchanges have been, for the most part, "free" without any strings attached. Missouri has contributed and received in this informal exchange over the years.

Even though we've borrowed a few ideas or procedures, we've always had our "own Missouri brand" set of analytical tools, forms, computer programs, record books, etc. Now, the FINPACK PC software package (developed at Minnesota) is offered in a more formal exchange with states. Essentially, we must accept the Minnesota's package with "strings attached." It is not easy for us to "buy" another state's brand to use in Missouri. There is an implication of our not having enough expertise to develop our own. Yet, Missouri is now using the FINPACK system in our educational programs. The reasons are simple: (1) FINPACK was a PC package ready to go, (2) IBM PC's were in most counties in the state, (3) there was a need for these tools now, and (4) we did not have the time nor resources to develop a comparable program. Thus, we have joined six other states in an effort to share this program - and adapt it to our state. It is working. We now have some 55 state faculty, area specialists, and MOFARMS financial consultants using the program.

Christensen and Story (U. of Massachusetts) have suggested that other sharing arrangements will work including: informal sharing between individuals, more formal agreements between states, and individual consulting agreements. In my opinion, we need to seriously consider all kinds of resource sharing alternatives for extension in the North Central Extension Region.

Along these lines, I proposed the organization of regional "SWAT" teams as a resource sharing measure to the North Central Extension Committee last year. The idea was to select a team of specialists from

different states who would be ready to "go into action" when a special emergency or situation developed. For example, a Farm Program SWAT team could be used to quickly evaluate, analyze, and develop alternatives to an announced change in the feed grain and wheat programs. The evaluation information, along with a spreadsheet analysis, could be quickly distributed to participating states. I believe that similar "action" teams or ad hoc committees could have functioned in developing special programs dealing with the financial crisis this past year. (I probably did a poor job of selling this idea because the proposal was not accepted.)

Summary

I have applied the topic "Managing Effectively with Fewer Resources" only to the situation in Missouri. However, each state here either is, or should be, going through a similar evaluation process.

We must clarify our role in farm management educational programs within our states. I feel that this will lead to more emphasis on teaching and less on service activities. After we have our objectives in mind, then we can get down to the "nitty-gritty" strategies to achieve these objectives. I listed four basic management strategies:

1. Setting priorities - programs or activities.
2. More efficient use of resources.
3. Search for additional resources.
4. Sharing resources.

Setting priorities on programs or activities is tough. However, it is necessary when there are not enough resources to "cover all bases." We have "given up" some good programs in order to concentrate on the quality or depth aspects of the educational thrusts we did emphasize.

More efficient use of resources will force us to "teach teachers" with greater use of written words and the creative use of the new electronic media. For those of us who resist changing our ways, it will be frustrating but we will simply have to learn more efficient ways to communicate.

Like it or not, we must do a better job of selling our product to outside sources. My colleague, Brice Ratchford (University of Missouri Agricultural Economist), has admonished us to look for alternative funding sources (grants, gifts, user fees, and the like). He says that unless we do this, the most likely outcome is a gradually shrinking program.

Finally, there is the strategy of sharing resources that offers a great deal of promise. Our effort with the FINPACK program is one example of what can be accomplished when states cooperate on a special program.

As we attempt to manage effectively with fewer resources, remember that efficiency measures have their limits. The following is a report made by an efficiency expert on hearing a symphony at the Royal Festival Hall in London:

For considerable periods, the four oboe players had nothing to do. The number should be reduced and the work spread more evenly over the whole of the concert, thus eliminating peaks of activity.

All the twelve violins were playing identical notes; this seems unnecessary duplication. The staff of this section should be drastically cut. If a larger volume of sound is required, it could be obtained by electronic apparatus.

Much effort was absorbed in the playing of demi-semi-quavers; this seems to be an unnecessary refinement. It is recommended that all notes should be rounded up to the nearest semi-quaver. If this was done it would be possible to use trainees and lower-grade operatives more extensively.

There seems to be too much repetition of some musical passages. Scores should be dramatically pruned. No useful purpose is served by repeating on the horns a passage that has already been handled by the strings. It is estimated that if all redundant passages were eliminated, the whole concert time of two hours could be reduced to twenty minutes and there would be no need for an intermission.

The conductor agrees generally with these recommendations, but expressed the opinion that there might be some falling off in the box-office receipts. In that unlikely event it should be possible to close sections of the auditorium entirely, with a consequential saving of overhead expenses, lighting, attendance, etc. If the worst came to the worst, the whole thing could be abandoned and the public could go to the Albert Hall instead.

My thanks to my colleagues for their suggestions and comments on this paper. These include: Norlin Hein, Ron Plain, Myron Bennett, Victor Jacobs, Robert Bevins, and John Morehead. John Morehead penciled this comment in the margin which will serve as a final thought:

Extension is for people. When it is relevant and of value, some cost will gladly be borne by the audience. The subject matter, delivery process, and audience must be in a harmonious mode always. We must manage for this to occur.

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