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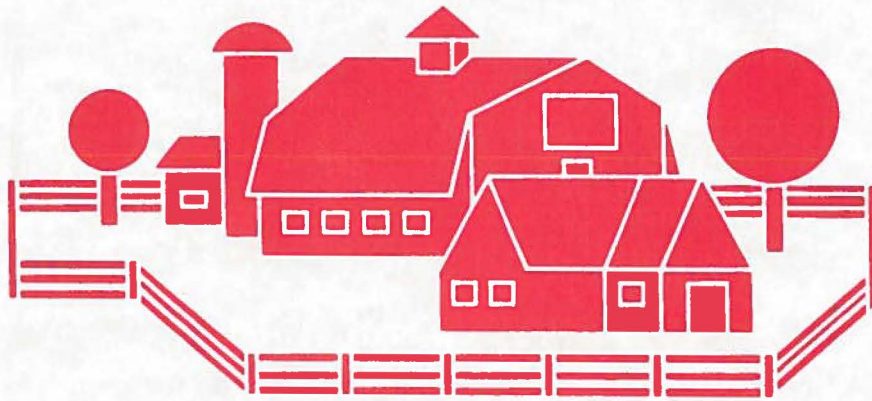
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FARM MANAGEMENT: CHALLENGES AND RESPONSIBILITIES FOR A NEW AGE



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FARM MANAGEMENT EXTENSION:
The View from the Departmental Chair

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It is a pleasure to have the opportunity to address the Farm Management Extension Workshop as you deal with the topic, "Farm Management: Challenge and Responsibilities for a New Age." I want to commend you on having put together an outstanding program. As a matter of fact, as I look over the program, I wonder whether I will really be able to add much to the information presented by the other speakers. It is also clear that after you have had a chance to adjust your attitudes and partake of your evening meal you probably are not looking for a lengthy presentation.

As I contemplated my assignment for this evening, it seemed that I could go in several directions. I could give you my impression of the budget for Cooperative Extension in the farm management area over the next few years --it will be tight. I could reflect on the bureaucratic problems associated with managing the Extension enterprise--I believe that many faculty find them excessive and sometimes oppressive, making me especially appreciative of my Assistant Head for Extension. I could give you a history lesson outlining the University of Illinois contributions in farm management--it is a long and rich history. But I am not going to elaborate on any of those topics. What I will do is share with you some crystal ball gazing concerning the role of farm management extension in the future. In order to do this, I will need to describe the agricultural environment in which we will find ourselves, the management needs of farmers in that environment, and then move on to some embryonic ideas about how we might respond.

The Environment for Farm Management Extension

A number of changes that have occurred in recent years appear to be symptomatic of trends that are likely to continue for some time. Allow me to remind you of a few of the changes we have all been observing around us.

First. Agriculture is clearly part of a world--rather than a domestic--economy. This country has never been an economic island, but for many years we could pretend that it was, during our planning and our policy making activities. The dramatic growth in exports over the last decade is a most vivid indicator of the changing conditions. But we are just now beginning to recognize that the international financial markets, as best exemplified by exchange rates, are a major determinant of our economic wellbeing. Ed Schuh calls the exchange rate the most important price in the U.S. and the world. Regardless of whether we exist in a free trade or a managed trading world, farmers will need to be cognizant of this broadened economic environment because it will be a major determinant of their economic wellbeing.

Second. As you know, the farm population in the Midwest and perhaps around the nation is trifocating into small, medium, and large scale operations, each with different objectives and management requirements. While some small, hobby farmers with adequate off-farm incomes may be relatively unconcerned

about the economic performance of their farms, other small or part-time farmers will likely make heavy "demands" on extension resources. They may have inadequate time to analyze or even to gather the information necessary to make informed decisions on their own. The large farmers will require management education programs and consulting services that will insure that they have a high level of management expertise on the farm--or they won't remain large farms for long! Our input here may be via the products of our Master's programs, through advanced continuing extension education programs, and perhaps as consultants. The middle group of farmers is where we will likely continue to find the heaviest demand for extension services. I'll come back to how we serve these demands in a few moments, but to tip my hand, these operators will need to compete with the large farmers.

Third. I'm sure that all of us here would agree that the economic aspects of management, i.e., financial analysis, investment analysis, cash flow analysis, marketing programs, etc., are all growing in importance relative to the needs for pure production information. At the dawn of the Extension Service, when one could view farms as isolated and almost self-sufficient units, basic production information (planting rates, seed selection, fertilization recommendations, disease control) was extremely valuable. But now the farm operator may be bombarded with information of this type, generally from suppliers attempting to sell inputs. Also, market and other economic information flows to the farm on a continuous basis from numerous sources including extension. Sorting, storing, analyzing, and acting on this information is the real management challenge. Steve Sonka has referred to the coming era as the "information age."

Fourth. As important as these changes may be, I will assert that they do not represent the major changes farm management extension must deal with in the next decade(s). The major changes will be the output of the increased research efforts in the biotechnology arena. The University of Illinois and other major Land-Grant universities, the Agricultural Research Service of the U.S. government, AID-supported research centers, other developed countries, and various private firms are all pressing forward with some substantial vigor to improve production processes using biotechnical research methods. We must assume that some of these research endeavors will be productive--that is, these scientists will be successful in developing new plants, new animals, new insecticides, and new techniques of production. We already know of the hormone to increase milk production 20 percent, we have heard of doubled wheat yields, and even of superrats! While much of this technology will be aggressively delivered by private firms through their sales organizations, the Extension Service will face the challenge of delivering information on those developments that are not delivered by the private sector. But this is not new. Since our inception we have been in the business of transferring knowledge to the production sector. The fact that extension can deliver objective and unbiased information may be the unique characteristic of extension's role. What is "new" is that the environment in which we work is changing, and most importantly the rate of technological change may increase dramatically. In the past, the adoption process may have taken decades to move from the early

adopted to "complete" adoption. The adoption process will--must--be quickened. We may find ourselves in a race to adopt new technology. We may even see advances coming at a rate that will generate adoption strategies such as attempting to leapfrog over some technologies. I believe that, given the potential for adoption of new technology around the world, the successful agriculturist, the dominant agricultural producing country, will be the one that consistently adopts those technologies appropriate for a particular enterprise first.

Whether we like it or not, whether agricultural producers like it or not, the now worldwide competitive marketplace will assure that only those early adopters are prosperous. If Extension is able to provide the analytical tools and expertise necessary for U.S. farmers to be the early adopters, Extension will survive. But adoption is not a blindly made decision to change. We in farm management need to give farmers the objective and unbiased tools to be able to evaluate each and every one of these new technologies to determine whether it would be a profitable change on a given farm. To pick up on your title, farm management extension faces a challenge and a responsibility to make American agricultural producers the most successful adopters of new technology and thus the most profitable operators they can be. This, I believe, gives farm management extension a reason to prosper and grow in significance, if not in numbers, over the next few decades.

The Extension Response

How are we going to get this job done? We will be working with inputs and production processes that are more sophisticated. We need to educate farmers to be able to make decisions about complex issues in a more rigorous fashion. There will be an expanding number of choices available, even for the producer whose aim is to maintain the status quo. The classical county extension meeting of an hour or two or three will become a less and less effective information transfer device. We must develop an extension educational program that is better organized and articulated, that is more comprehensive, that aims higher than the traditional county meeting format will allow. As a first step, I hope in the right direction, we recently implemented a course-style delivery program titled "Better Managers Manage Better." This year we offered several courses that were quite successful. These are early efforts, and improvements can be made, but the results were amazingly positive. A course entitled "Improved Marketing: Getting More for Your Crops and Livestock" was offered in a series of eight two-hour meetings. A basic farm management workshop will be offered in a six-session course format during the fall. A course entitled "Analyzing the Financial Strength of Your Farm Business" was offered in six two hour sessions over our TeleNet System. A farm family decision making workshop was organized on a two-day basis and held at regional sites around the state.

Of course there were problems and frustrations in putting this together. For example, just five individuals had registered in the marketing course and paid the \$25 registration fee to cover the course materials three days before the first registration deadline. The registration date was extended several times, and Darrel ended up with over 500 individuals in the course. Of course the registration delays made it difficult to get the materials reproduced and distributed. Incidentally, over 100 more would have joined at the last moment.

My impression is that we are in the embryonic stages of developing this program. Allow me to share some of our ideas for further development. I envision a series of courses in the farm management, marketing, and finance areas. An introductory course in farm management might be followed with courses dealing with various enterprises such as grain, swine, Christmas trees; with partnerships and incorporation; and with tax planning, labor management, and debt management.

In many courses it will be appropriate to utilize interdisciplinary teams. Commodity courses would logically involve staff from Agronomy, Vet Medicine, Agricultural Engineering, and Animal Science. We will continue to team our farm management, finance, and law specialists to provide a richer offering. Our marketing course benefited from the participation of a specialist from Purdue handling a topic in his particular area of expertise.

Our primary medium for these courses will continue to be our TeleNet system, which is a two-way, but audio only, system. We are thinking about augmenting our offering with a videotape of portions of the presentations in order to provide some simulated face-to-face contact. A taped presentation would be followed with a lively TeleNet question/answer session.

Prerequisites (or at least clearly specified expectations) could be developed for advanced courses to assure that all students are working at roughly the same level. Tests would be given as a means of stimulating more concentration, providing feedback, and determining satisfactory performance. Successful completion of a course might qualify one to receive a stamp to affix to a certificate designed for the purpose.

No, I'm not forgetting county staff. They will continue to play a major role, and this role will require that they be trained to a high level of proficiency. A well-educated clientele will ask more sophisticated questions of the Extension Adviser. Much of the Adviser's training may be achieved through these same courses, but I also see a major role for the county staff on the teaching side of the activity. When using the Illinois TeleNet system, the county Extension Adviser is the logical person to serve in the discussion leader role. The Adviser might review homework exercises. In a farm management course, for example, the Adviser may assist in completion of a home farm problem. The Adviser will also need to play a major role in the marketing of the program to farmers in the counties. It is crucial that county-level staff be involved in a positive way if the program is to be a success. One possibility is to share proceeds from registration fees with county offices.

Tailoring the Response to the Environment

Now allow me to try to tie together my earlier remarks about the changing conditions in agriculture and my comments about the development of course-style extension programs to deliver management information. I believe it is possible that we may service many of the small farmers through introductory courses in farm management and perhaps several others in the larger-size groups. Our middle group of traditional family farmers needs to have substantial expertise in farm management and other management aspects of their operations. The course-style program is ideally suited to meet their needs, in that they can work through a program that will provide comprehensive and in-depth knowledge on topics of their interest. Over a period of time, they can complete a series of courses that would be roughly equivalent to completing the Ag Econ portion of an undergraduate or even an advanced degree. It is also possible that we may be able to service the largest and most sophisticated farmers with the more advanced courses. For example, in the recent development of options trading in the futures market, it may be possible to develop an advanced marketing course on options that would be of interest to this group of farm operators, sophisticated family farmers, and even those in the marketing industry. Also, many of these same operators would be ready for, and profit from, a course on the internationalization of the agricultural economy.

It just may be possible to develop a system of this type that would be responsive to the needs of farmers in the information age--a system that would help them make the management decisions necessary to prosper in the highly competitive world environment that will be constantly changing as a result of new technologies and other shocks. Hopefully, it will allow farmers to maintain their decision making tools at a high level of sophistication. To do less is to "cheat" the farm operator of the ability to make decisions necessary to remain profitable in a competitive environment.

Thank you.