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EDUCATIONAL INNOVATIONS IN TEACHING FINANCIAL RECORD KEEPING TO FARMERS

by

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ABSTRACT

Teaching producers farm record keeping has always been difficult. Producers view it as a mysterious, impossible task. As part of an educational program designed for United States Department of Agriculture, Farm Service Agency (FSA) borrowers, teaching innovations were needed to remove the mystery and make record keeping understandable. The innovations used include: realistic receipts, a proven farm record book, use of dual overhead projectors to simultaneously display receipts and book pages when entering transactions, ample consideration of participant suggestions about entering transactions, no mention of "correct entries," and an honest attempt to establish producer ownership of their record book information.

INTRODUCTION

Farm management educators have always found the teaching of farm record keeping to be a difficult task. Most agricultural producers did not become involved in farming as a result of their interest in paperwork in the office or at the kitchen table. Typically they are involved in farming for their love of the outdoors and actual agricultural production. Farmers view paperwork and record keeping as a very unpleasant experience in which they have little interest.

Farm management specialists have found little interest in record keeping educational programs. Those that are closest to agricultural producers, the County

Extension Agents, rarely conduct record keeping workshops because of the inability to attract interested producers. One exception to this general rule may involve meetings conducted which are "sponsored" by selected agricultural lenders.

Borrowers often feel that such a sponsored record keeping program is a requirement for favorable consideration of their continued financing by the sponsor. Anyone that has been involved in this kind of teaching environment knows that there is little possibility of a successful, rewarding educational experience in this situation.

THE NEED FOR A DIFFERENT TEACHING METHOD

An educational program recently designed specifically for FSA borrowers in Kentucky involved a concentrated effort to teach farm financial record keeping. Previous experience had indicated that producers were not enthusiastically interested in this topic. Also, various attempts at teaching record keeping using a simple listing of transactions and exact instructions about "how to record" the entries in a record book had proven to be quite unrewarding. A similar lack of success had been experienced with attempts to solicit example transactions from meeting participants. They were not familiar with record keeping and did not feel that they were in a position to offer such examples.

Realizing these problems from previous experiences created a tremendous need for a different method of teaching farm financial record keeping. An innovation that provided the key to a successful change in this area involved the creative use of a computer graphics program to generate numerous realistic looking example farm expense receipts, sales slips, and bank deposit slips. The ability to generate these realistic example tickets and receipts gave the instructors the ability to provide examples that looked familiar to most producers. Figure 1 provides an example of this type of expense receipt. Figure 2 provides an example of a typical page from the record book used during the record keeping workshops.

Figure 1

MILLS FARM SUPPLY
Somewhere, KY

CUSTOMER'S ORDER NUMBER		PHONE	DATE 1/10/95
NAME Fred Tucker			
ADDRESS			
CITY			
STATE			
ZIP			
QUANTITY	DESCRIPTION	PRICE	
37	seed corn	2780.00	
paid ck # 1209		TAX	
RECEIVED BY		TOTAL 2780.00	

Thank You

2651
POUNDS

PHONE 555-1234
555-2345

WOOD BROS. TOBACCO WAREHOUSE
USDA # 31219

DATE RECEIVED 1/6/95 DATE SOLD 1/11/95

CROP NO.	SEQ. NO.	LBS	PRICE/100	AMOUNT	BUYER	GRADE
2282-01	219-005719	525	185	971.25	S	45
2282-02	219-005718	528	185	976.80	X	22
2282-03	219-005720	442	185	817.70	M	1X
2282-04	219-006058	690	188	1297.20	S	55
2282-05	219-006057	440	185	814.00	S	45
TOTAL		2625		4876.95	AVERAGE	185.79
WAREHOUSE \$.85/100				22.31		
COMMISSION 4%				195.08	TOTAL W&C	217.39
PROMOTION FUND				2.63		
USDA INSPECTION FEE				18.38		
NO NET COST FUND				118.13		
NET				4520.42		

2282-01 FRED TUCKER
223 FARM ROAD
SOMEWHERE, KY

JANUARY

DEDUCTIBLE FARM BUSINESS EXPENSES

#	A	B	C	D	E	F	G	H	I	J	K	L
LINE	Date	Quantity	Description of Expense	Total Amount Paid	Hired Labor	Repair & Maintenance	Interest	Feed Purchased	Seeds & Plants	Fertilizer & Lime	Machine Hire	Farm Supplies
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
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26												
27												
28												
29												
30												
31	Carry Totals to pages 60 and 61.											

Figure 2

DEDUCTIBLE FARM BUSINESS EXPENSES

JANUARY

M	N	O	P	Q	R	S	T	U	V	W	X	Y	LINE
Breeding Fees	Veterinary & Medicine	Fuel & Oil	Storage	Taxes	Farm Insurance	Utilities	Rent	Trucking	Conservation Expense	Farm Org. Dues	Chemicals	Other	
													1
													2
													3
													4
													5
													6
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Producers could and did identify with the examples used during the record keeping educational program. They found the examples to be quite realistic and familiar. The example receipts were used to lead workshop participants through the record keeping experience. Using structured examples designed specifically to point out specific problematic situations proved to be interesting to participants. These selected examples also helped to achieve more of our educational objectives for the record keeping sessions of our educational program for FSA Borrowers. Specifically they helped to get participants involved in discussions about the record keeping activity.

Additional Innovations Introduced to Record Keeping Workshops

As educational workshops were conducted with our FSA clientele we were impressed with the success of the interactive learning process of the participants. One difficulty we encountered on a continuing basis was some degree of confusion as discussion leaders were constantly switching overhead acetates between example receipts to be recorded and the actual pages of the record book where the transaction was to be recorded. There seemed to be a constant flurry of overhead examples and record book pages.

This process of changing examples and record book pages seemed to confuse workshop participants and occasionally disrupted the discussion leaders. It was obvious that eliminating this confusion would enhance the learning process for all concerned.

The solution was very simple! All that was needed was an additional overhead projector and an assistant discussion leader to record transactions in the record book pages as example transactions were discussed. This simple addition eliminated the previous confusion when only one overhead was being used. It created a much more comfortable educational environment and resulted in increased participant interaction in the discussion of the actual record keeping process.

Participant Involvement In The Record Keeping Process

As additional FSA Borrower Workshops and record keeping sessions were conducted, it became apparent that a key to getting more participants involved in record keeping at home, in the real world was to get them more involved in workshop discussions. To achieve this goal, a continuing emphasis was placed on the process regardless of *"how correct any actual entry was as it was made."* A continuing effort was made to convince participants to keep some kind of records regardless of the type of record book being used or how any particular entry should be made. A point that has been made during these sessions is that *"the absolutely best record book, without regard to who developed or authored it, is the one that they will use!"* It has been our goal to get FSA Borrower Workshop participants to keep some kind of records about their farm business operation. The implied hope behind this goal is the belief that participants will discover that record keeping need not be a mysterious and overwhelming task, which most believe to be the situation. As they become more actively involved in and knowledgeable about the process, they will also learn to make entries more correctly as they become involved in the record keeping process.

Increasing Participant Involvement In Record Keeping Workshop Discussions

Realizing the importance of participant involvement in the discussions about the record keeping process caused us to increase efforts to involve all participants in the discussions during the workshops. To achieve this, the discussion leaders structured questions about the first example transaction shown in Figure 1. and attempted to force everyone to respond. This was done by simply asking each participant to provide *"one descriptive fact"* from the example transaction. Following this in-depth description and discussion of the first transaction, the same approach was taken to the actual entry of the transaction in the record book.

When this approach was first tried, it seemed to be quite long and labor intensive. However, the participants did seem to enjoy the opportunity to have a part

of the discussions. It was a new experience for most participants. As this new approach was tried in more sessions, it seemed to work well, even though it did take quite a lot of time.

LEARNING ABOUT RECORD KEEPING FROM PARTICIPANTS

These extended discussions provided an opportunity to listen to the workshop participant's experiences with their own record keeping efforts. This provided an excellent learning opportunity for everyone involved in the process. Over time this process has provided numerous examples of how producers interpret transactions and the implications these interpretations have about recording transactions. These examples have been related to participants in subsequent workshop sessions.

One such example involves the process of entering the **DESCRIPTION** portion of the seed corn purchase transaction resulting in the expense receipt shown in Figure 1. Initially, the discussion of this simply involved the entering of either of the terms "seed corn," representing the item purchased or "Mills Farm Supply," representing the firm with which the transaction took place were being discussed and used as the most appropriate entry to describe the transaction. Over time participants have offered various reasons why both entries may not be the "**most appropriate descriptive term.**" For example, it was pointed out that "seed corn," which is the most frequently suggested description of the transaction, was essentially a duplication of the information subsequently entered in Column I.

A similar argument was made about the use of Mills Farm Supply as a description of the transaction. It was pointed out by a participant that Mills Farm Supply was not purchased, only a small part of the business (37 bags of seed corn) was bought. Therefore, it would seem inappropriate to use Mills Farm Supply as a description of the transaction.

These two examples have resulted in the suggestion that the most appropriate description of the transaction would be the use of the "**Check Number.**" It ties

everything involved in the transaction, check, expense receipt, and record book entry, together and provides a good paper trail of the transaction. It must be pointed out that the suggestion of using the check number as a description for the transaction has never been used as a reason to completely eliminate the use of the other suggestions. It is simply suggested that they be used in addition to the check number as a method of describing the transaction. It is pointed out that one seldom has too much information in their record book describing a transaction and that they should use whatever they feel comfortable using. Again, it is pointed out that it is their record book and they should use it in a way that they find most advantageous.

Home Work and Follow Up Discussions

Home work was also used as an integral part of this record keeping educational program. Essentially about 10 transactions are actively discussed during our initial workshop experience. Participants are then assigned some 20 additional transactions to be recorded at home between sessions of the FSA Borrower Training Workshops. Participants are then encouraged to bring questions and problems up for discussions in our next workshop session. This again provides an opportunity for discussions and active learning about the record keeping process.

REACTIONS TO FARM RECORD KEEPING INNOVATIONS

Farm record keeping educational innovations introduced to the FSA Borrower Workshop farm record keeping sessions have been quite well received by participants. Reactions have indicated that producers appreciate this approach to record keeping. It allows them to become involved in and better understand the record keeping process.

The record keeping sessions have received good evaluations as part of the FSA Borrower Training Workshops. They have frequently been rated as the best part of the workshop, something that the discussion leaders had never experienced in the past. However, the most impressive evaluation of the whole educational effort was

offered by a workshop participant when he suggested that he was **“going home and give it a try.”** He said he had purchased a farm record book some 15 years ago and it had set on the table for a few months and he had thrown it away. This time he was going to use the book and learn how to keep records to improve his farm business. This comment helped to convince the workshop leaders that the teaching innovations had proven to be an important part of this successful educational experience.

CONCLUSIONS

The teaching of record keeping by farm management educators has always offered an extreme challenge. Record keeping is simply not an interesting or appealing part of the farming business to most producers. The teaching innovations developed and used in the University of Kentucky's FSA Borrower Training educational program have proven to be quite useful. The use of example transactions, dual overhead projectors, two workshop leaders, a proven record book, and extensive discussions to involve all participants have proven to facilitate participant understanding and learning. Most importantly, it has seemed to actually get participants involved in the record keeping process. This has seemed to remove the mystery surrounding the process of record keeping, encouraged participants to actually try it, and helped to build the confidence of workshop participants. In this way, the educational innovations have helped to achieve the overall goals of the training program.

think globally
farm locally