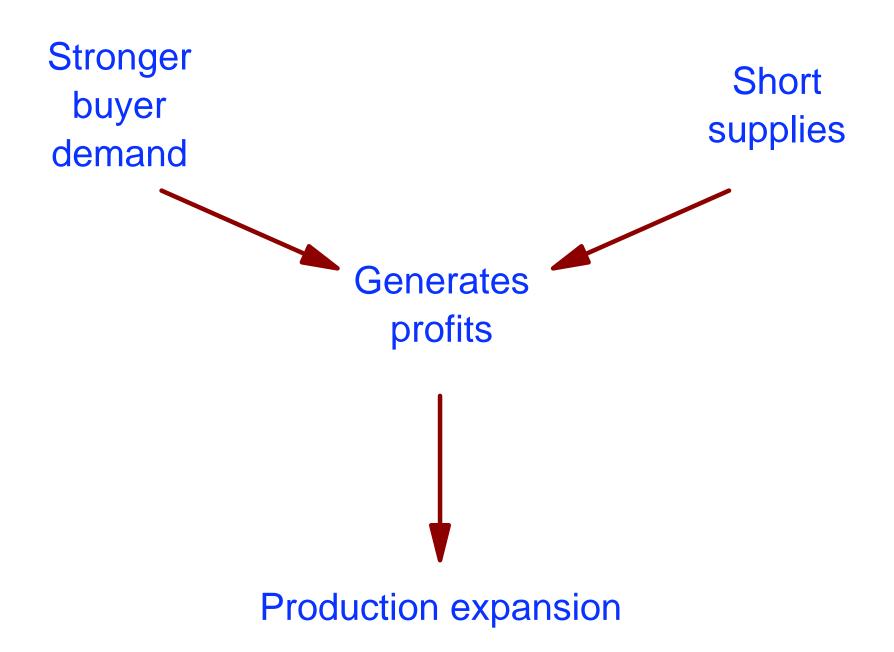
Business Management In Agriculture

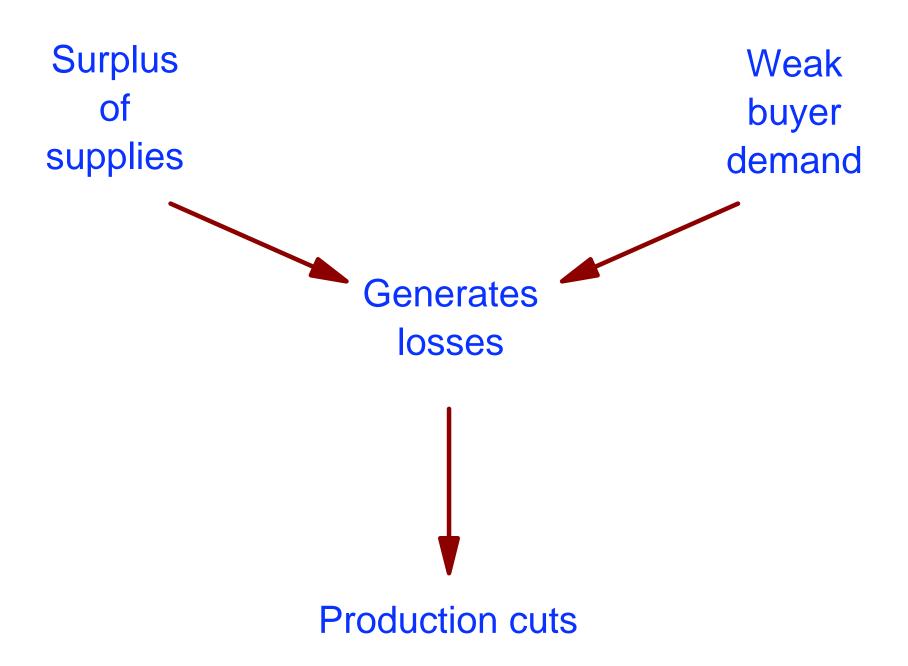
Planning The Farm Business

A joint project of the Cooperative Extension Service, Farm Credit and Chicago Mercantile Exchange

Question

How do you make an acceptable living without endangering your financial survival in the risky business of farming?





Risk Management Means

- How much to accept?
- What kinds to take?
- How much, and what kinds to avoid?

Profitable But Not Feasible

- Cover cost of production.
- Fail to service previous debt.

Feasible But Not Profitable

 Cover cash flow commitments and debt with other than profits

Management By Objectives

- Integrates decisions
 - Production
 - Marketing
 - Financial
- Focuses
 - Enterprises
 - Activities
 - Management functions
- Achieves
 - Overall objectives

Functions Of Management

- Planning
- Implementation
- Evaluation

"Easy as P.I.E."

Marketing Decisions

When?

Where?

How much to market?

- Which marketing functions to perform?
- Which to leave to middlemen?

The Pricing Strategy:

A plan for getting an "acceptable" price for whatever you have chosen to produce.

Marketing Rule

Stick with your pricing strategy.

Evaluate Decisions

Determine whether you achieved your objective -not whether you got the highest possible price or
profit.

Farm Managers Must Accept Discipline of the Marketplace

- Produce for markets
- Don't expect markets to be created.

Marketing Strategy

- What to produce
- Marketing methods to use
- Pricing strategies
- Getting the most out of what is produced