

V(A). Planned Program (Summary)

Program # 13

1. Name of the Planned Program

Agricultural Business Management

Reporting on this Program

V(B). Program Knowledge Area(s)

1. Program Knowledge Areas and Percentage

KA Code	Knowledge Area	%1862 Extension	%1890 Extension	%1862 Research	%1890 Research
601	Economics of Agricultural Production and Farm Management	50%		20%	
602	Business Management, Finance, and Taxation	50%		20%	
603	Market Economics	0%		30%	
604	Marketing and Distribution Practices	0%		20%	
610	Domestic Policy Analysis	0%		10%	
	Total	100%		100%	

V(C). Planned Program (Inputs)

1. Actual amount of FTE/SYs expended this Program

Year: 2013	Extension		Research	
	1862	1890	1862	1890
Plan	20.3	0.0	2.7	0.0
Actual Paid Professional	21.0	0.0	21.3	0.0
Actual Volunteer	0.0	0.0	0.0	0.0

2. Actual dollars expended in this Program (includes Carryover Funds from previous years)

Extension		Research	
Smith-Lever 3b & 3c	1890 Extension	Hatch	Evans-Allen
586269	0	617097	0
1862 Matching	1890 Matching	1862 Matching	1890 Matching
2024235	0	1134757	0
1862 All Other	1890 All Other	1862 All Other	1890 All Other
986803	0	5672874	0

V(D). Planned Program (Activity)

1. Brief description of the Activity

MAES research to improve Minnesota's agricultural profitability included studies in risk management and in analysis of regulatory policies to support agricultural business stability. Research focused on profitability issues in specific niche markets such as organic farming, as well as broader market trends. New technologies are offering agricultural producers new opportunities to increase their profitability, but research is needed in the risk/benefits in adopting these technologies. Results in research in agricultural business management in 2013 include:

- Using survey data on the U.S. pork industry, researchers explored how technology adoption affected farm size and employee wages in the industry. The results showed that new production technologies were encouraging increased farm size and that employees working for these larger farms benefited by receiving higher wages than employees working on smaller farms.
- Research showed that the global value of sustained research to maintain stem rust resistance in wheat was about \$50 million annually, which exceeds the current levels of investment.
- There are about 150,000 acres in Minnesota being farmed organically by over 2,000 producers in Minnesota and the numbers are growing. Researchers have produced a risk management guide for organic farmers. The interactive materials cover the basics and fundamental of organic agriculture as well as how to transition to organic farming. Decision case studies focus on critical issues affecting profitability such as weed control, soil fertility and marketing of crops.
- A study of 2012 Minnesota cropland prices was done in 2013 and provided a more nuanced view of the sales of agricultural land in Minnesota. The results showed that while in prime farming areas, including the corn and soybean territory of southwest Minnesota, land prices were still climbing, up nine percent. But little or no increase was evident in the central third of the state.
- Researchers studied why a high profit group of farmers were increasing in profit compared to the low profit group, with the goal of identifying characteristics, practices and tendencies of the top income group that are different from the rest of the producers. The analysis showed that farms in the lower income group received more inheritance than the top income group. The results of the research identified controllable positive and negative factors farmers can use to evaluate their own business decisions.
- Researchers completed an analysis of the long-run productivity growth of key crops grown in the U.S. and worldwide. They also completed an a Minnesota Agricultural Projections Model to assess the future supply and demand prospects for global agriculture to 2050.
- A spreadsheet was developed to assist dairy farmers in analyzing the economics of installing robotic milking systems in small dairy farms.

Extension. Based upon an extensive survey completed by U of M Ag Business Management Educators, 84.8 percent of all farm families do not have a business transition plan, and 69.9 percent do not have a personal estate plan. In 2013, programming for farm transition and estate planning continued, and a nine-year study of the program measured its financial impact. Fourteen formal farm transition estate planning workshops were held, serving 495 participants. Six updates and informational workshops were held. Educators also disseminated information at national conferences and through local and statewide news releases.

A program that was initiated in 2012, focused on business and management concerns for hiring labor on farms. This program achieved resulted in impacts in 2013. Three of the eight educational topics address concerns and skills for hiring employees from other cultures. Workshops were sponsored through a mixture of private, public and non-profit organizations.

The Agricultural Business Management team also manages three Southern Minnesota marketing

groups. With 48 farm operations involved in these groups, the cooperative is helping each farm operation reduce costs and increase income.

The Agricultural Business Management program is measuring its impact in protecting and growing the financial health of farm managers and enhancing business practices, as seen in descriptions of program outcomes. Cumulatively, offerings of the Agricultural Business Management team influenced business practices for 1,900,005 acres of Minnesota farmland.

2. Brief description of the target audience

Agricultural Business Management programming is reaching farm families and farm managers, but enhances that effort by targeting organizational sponsors who can bring educational offerings to constituents. These partnerships leverage the networks available across Minnesota to provide broad educational outreach efficiently.

Other target audiences for research include farmers and researchers interested in crop, livestock and organic cropping systems, food processors, food retailers, food system professionals, policy makers, national and international food and trade analysts, and scholars interested in food systems, rural financial institutions and microfinance institutions and policymakers.

3. How was eXtension used?

eXtension was not used in this program

V(E). Planned Program (Outputs)

1. Standard output measures

2013	Direct Contacts Adults	Indirect Contacts Adults	Direct Contacts Youth	Indirect Contacts Youth
Actual	4564	57738	0	0

2. Number of Patent Applications Submitted (Standard Research Output)

Patent Applications Submitted

Year: 2013

Actual: 0

Patents listed

3. Publications (Standard General Output Measure)

Number of Peer Reviewed Publications

2013	Extension	Research	Total
Actual	9	12	21

V(F). State Defined Outputs

Output Target

Output #1

Output Measure

- Number of educational events that deliver agricultural business management content.

Year	Actual
2013	91

V(G). State Defined Outcomes

V. State Defined Outcomes Table of Content

O. No.	OUTCOME NAME
1	Participants of the Agricultural Business Management (ABM) program workshops/classes and conferences will achieve significant learning gains regarding research-based agriculture business management knowledge and skills. (Target expressed as the percentage of participants who achieved significant learning gains as a result of attending ABM program workshops/classes and conferences.)
2	Participants of Agricultural Business Management (ABM) workshops/classes and conference sessions intended to improve participant agriculture business management practices will significantly improve their management practices as a result of attending the program. (Target expressed as a percentage of participants that significantly changed one or more of their agriculture business management practices as a result of attending workshops/classes and conference sessions intended to improve participant management practices.)
3	Business transition plans completed by farm businesses will the protection of financial assets for farm business owners and local economies. (Outcome expressed as the dollar value of assets protected in 2013.)

Outcome #1

1. Outcome Measures

Participants of the Agricultural Business Management (ABM) program workshops/classes and conferences will achieve significant learning gains regarding research-based agriculture business management knowledge and skills. (Target expressed as the percentage of participants who achieved significant learning gains as a result of attending ABM program workshops/classes and conferences.)

2. Associated Institution Types

- 1862 Extension
- 1862 Research

3a. Outcome Type:

Change in Action Outcome Measure

3b. Quantitative Outcome

Year	Actual
2013	98

3c. Qualitative Outcome or Impact Statement

Issue (Who cares and Why)

As farms grow, farm managers sometimes take on laborers to support farm work. This puts businesses at risk if owners are not informed about effective management practices or the rules and responsibilities of employment.

What has been done

The Agricultural Business Management team presented four personnel management workshops called "Employment Skills for Today: Planning for Success." The workshops provided educational content about: 1) determining if hired labor is required, 2) developing effective hiring process, 3) cultural issues related to employee and employer, 4) cross-cultural communication techniques, 5) conflict management techniques, 6) employee compensation plans, 7) legal issues of being an employer, and 8) federal and state tax requirements of employer.

Results

Participants reported substantial increases in knowledge around all eight program educational points. A follow-up report about impacts was prepared by surveying 2012 attendees of the workshop. At follow-up, 20 percent of respondents had revised their recruiting and hiring process; 35 percent had updated or revised their tax and labor law procedures to more closely comply with federal and state regulations; 45 percent said the cultural portion of the program was helpful to their employee relations.

4. Associated Knowledge Areas

KA Code **Knowledge Area**
602 Business Management, Finance, and Taxation

Outcome #2

1. Outcome Measures

Participants of Agricultural Business Management (ABM) workshops/classes and conference sessions intended to improve participant agriculture business management practices will significantly improve their management practices as a result of attending the program. (Target expressed as a percentage of participants that significantly changed one or more of their agriculture business management practices as a result of attending workshops/classes and conference sessions intended to improve participant management practices.)

2. Associated Institution Types

- 1862 Extension
- 1862 Research

3a. Outcome Type:

Change in Action Outcome Measure

3b. Quantitative Outcome

Year	Actual
2013	45

3c. Qualitative Outcome or Impact Statement

Issue (Who cares and Why)

Based upon an extensive survey completed by U of M Ag Business Management Educators, 84.8 percent of all farm families surveyed do not have a business transition plan, and 69.9 percent do not have a personal estate plan. Without planning for business transition and personal estate distribution, farm and small businesses are at financial and legal risk. Protecting these asseets benefit local economies, because an average southern Minnesota farm operator spends \$1,034,266 for business expenses, personal expenses and taxes.

What has been done

In 2013, a total of 14 farm transition estate planning workshops were held, as well as six update and informational workshops. Materials were also disseminated through conferences, media, and online resources.

Results

In post-workshop follow up six months after the program was completed, 45.5 percent of those responding reported that they had completed a business transition and personal estate plan within six months of attending the workshop. The dollar value of this impact was calculated for 2013, as well as over the past decade. (See program outcome 3.)

4. Associated Knowledge Areas

KA Code	Knowledge Area
602	Business Management, Finance, and Taxation

Outcome #3

1. Outcome Measures

Business transition plans completed by farm businesses will the protection of financial assets for farm business owners and local economies. (Outcome expressed as the dollar value of assets protected in 2013.)

2. Associated Institution Types

- 1862 Extension
- 1862 Research

3a. Outcome Type:

Change in Condition Outcome Measure

3b. Quantitative Outcome

Year	Actual
2013	81400000

3c. Qualitative Outcome or Impact Statement

Issue (Who cares and Why)

When farm families do not have a business transition plan, small business are at financial and legal risk. When locally-owned farm businesses are not protected, local economies suffer as local purchases for business and personal expenses are lost, as well as tax revenues.

What has been done

In 2013, and over the past nine years, Farm Transition and Estate Planning have been delivered to farm families that have not taken steps to legall transition businesses and personal estates.

Results

Using data for those completing the process and farm management association for asset values, the financial impact of orderly plans for transfer to the next generation was \$81.4 million in 2013. The nine year cumulative evaluation completed in 2013 notes that 208 businesses developed and implemented business plans after the program, and 228 developed an associated personal estate plan. The financial impact of these transfers to the next generation is \$438.2 million dollars.

4. Associated Knowledge Areas

KA Code	Knowledge Area
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601	Economics of Agricultural Production and Farm Management
602	Business Management, Finance, and Taxation

V(H). Planned Program (External Factors)

External factors which affected outcomes

- Economy
- Populations changes (immigration, new cultural groupings, etc.)

Brief Explanation

Program content for business management programming has addressed new economic and demographic conditions. In the past several years, program changes accommodated, for example, concerns that long-term disability could put a business at risk and the need to help farm managers to effectively hire and retain employees from other cultures.

V(I). Planned Program (Evaluation Studies)

Evaluation Results

The Agricultural Business Management team at the University of Minnesota Extension rigorously evaluate whether management changes are made as a result of education, and has designed ways to calculate the economic impact of those changes. In 2013, such evaluation strategies revealed that programming for marketing, risk management and farm transition (collectively) had a financial impact of \$84,931,072. An ongoing nine-year examination of this financial impact has documented a financial impact of \$469,979,648.

Key Items of Evaluation

In 2013, evaluation of agricultural business management programming that addressed commodity marketing, risk management, along with farm transition and estate planning, revealed that programming collectively had a financial impact of \$84,931,072. An ongoing nine-year examination of this financial impact has documented a financial impact of \$469,979,648.