

IMPACT



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Farm Management Uses an Integrated Approach

The Situation

The economic situation of many Idaho farmers and ranchers is suffering because of structural changes brought about by agricultural and trade policies that are outside their direct control. Producers are continually caught in the cost-price squeeze as many commodity prices decline while input costs rise. Mergers and consolidation among input suppliers, financial institutions, merchandisers and processors bring additional challenges. Globalization of agricultural markets and the industrialization of agricultural production are also contributing to the changing economic environment. At the same time producers are under pressure to improve economic efficiency, they face more stringent constraints on their management alternatives as society places an increasing emphasis on environmental protection and resource conservation.

Idaho producers face additional issues that reflect unique aspects of the West. Critical issues include water rights, endangered species, grazing on public lands, drought and volatile energy costs. Farmers and ranchers need solid business plans that include both a short-term (operational) and long-term focus. Producers need both the proper planning tools and up-to-date and accurate financial information.

Our Response

To improve the Economic situation of Idaho farmers and Ranchers a core group of University of Idaho Extension Educators developed a two-year farm management curriculum. The format of the

curriculum is a 2-year class held for 5 hours a day taught once a week for ten weeks. The class is offered in two locations, one in the northern counties of eastern Idaho and one in the southern counties.

The first year of the class producers set goals, evaluate resources and analyze current production practices. Producers establish goals and mission statements specific to each individual operation. Resources such as land, equipment, personnel, livestock and finances are evaluated. A complete set of financial statements is produced by each class participant for their respective operations. Another emphasis of the first year class is to have producers obtain costs of production for each of the enterprises



contained within their operations. Participants then use a computer software program to obtain a complete financial analysis of their current operation.

The second year of the class producers apply the principles learned in the first year to more advanced topics such as marketing, risk management and estate planning. Personnel management is also emphasized with sections on employee management and team building. Producers are required to complete a second year of financial statements as well as an analysis of another year of production. After a second year of tracking costs of production, participants begin to develop trends and use their own information to make appropriate changes to their operations to become more efficient.

Program Outcomes

Completion of financial statements and a business plan is the best method of evaluating class effectiveness. Producers that are able to learn the principles necessary to complete the statements have gained skills important to becoming better managers. These skills, while not measurable, are the tools that will keep these producers in business and allow them to make profit a reality in their respective operations. This year the farm management classes had 16 farm families participating. Fifteen of the sixteen families completed a financial analysis. All of the families were able to complete the information they needed for a business plan from combining information from both the first and second years' class. The operations in the classes varied. Some of the operations were very large with thousands of acres and over 50 employees, while others were small with just one operator starting out.

A comment made by a program participant: "You may think I'm exaggerating, but since we've taken your class we finally feel like we've been able to get our feet under us. We've gotten so used to losing hundreds of thousands of dollars each year...we felt like there was nothing we could do. But now, we are able to keep track of things and manage what is going on. This is the first time in years I've been excited about farming."

For More Information

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