

# Professor revamps ag finance to match industry practices

Dr. John Riley saw a need when he began teaching a senior-level agricultural finance course. Students were using pencils and paper to solve problems and consulting tables in the back of their textbooks. “That was the way I did it when I took finance 40 years ago, and I knew it wasn’t the way that the students would do it after they graduate. They’d use computers, instead.”

So in 2005, the professor of Agricultural Economics sought and received a Faculty First Grant through UT’s Innovative Technology Center to restructure all learning in the class to make it computer-based and even more problem-oriented. As Riley worked to change the format of the course, the College of Agricultural Sciences and Natural Resources used funds through UT’s technology fee program to purchase 40 laptop computers that students now use each class period.

“We’ve gone completely paperless, and I’ve shifted from a textbook to a manual that is more tailored to what we’re doing. The students are very comfortable with the class. They like the structure and materials, and they realize that the approach we’re taking fits the way they’ll solve problems once they graduate,” Riley says.

Lessons in the class build on one another. “We talk about an investment. We talk about financing that investment and if a loan is obtained, how the repayment will be made. We talk about the different types of depreciation and about the different costs of capital and how its different sources are weighted. So all of a sudden we might be buying a tractor, financing it by a certain type loan, depreciating it by a specified method, figuring our weighted cost of capital, determining what return we need to make the investment work, and ultimately finding the internal rate of return to see whether it really will pay off. Everything comes together at the end of the course into one unified problem.”

Riley says he’s touched by the number of alumni who say how much they’ve benefitted from the course and how useful they’ve found it in their careers.

—Margot Emery

*Professor John Riley works problems interactively with students in the computer-based agricultural finance course.*

