

# Making a Difference

## *Through Improved Decision Making*

### Situation

Tennessee agriculture is undergoing significant change, including increased marketing risk due to reduced governmental price supports and technological advances affecting on-farm production systems. Complicating the picture are larger production capital requirements and continued environmental concerns. This ever-changing situation places a high value on enhanced overall business management.

As agricultural marketing firms continue to concentrate and consolidate, farm families need help in evaluating available market alternatives. Developing marketing skills will allow these families to take advantage of pricing opportunities while protecting themselves from increased market risk. The UT Agricultural Extension Service **Management and Marketing Priority Program** meets the needs of farmers as identified by agricultural leaders across the state.

### Goals

Goals of the Management and Marketing Priority Program are to help Tennessee farm families:

- learn to keep, analyze and use computerized records for better management decisions;
- use an interactive systems approach to decision-making by combining production, management and marketing into a total plan;
- learn use of basic marketing tools, information sources and delivery systems; and
- learn how to meet market demand and develop marketing strategies to improve prices and reduce exposure to risk.

### Accomplishments and Results

Farm families in all 95 Tennessee counties participate in the Management and Marketing Priority Program. Workshops, group meetings, farm visits and innovative delivery methods, such as satellite downlinking and Smart Classrooms, are used to reach this audience. Extension specialists and agents developed nine management and marketing publications to use as resource material. Materials also include six computer programs that have been developed, tested and used by Extension personnel in teaching.

UT Extension received more than \$400,000 in outside resources for development and use of creative computerized software as well as other teaching materials related to management, marketing and the systems approach to decision-making. The United States Department of Agriculture's (USDA) Fund for Rural America program, the Southern region Sustainable Agriculture Research and Education (SARE) and Tennessee Soybean Promotion Board invested in the Management and Marketing Priority Program.

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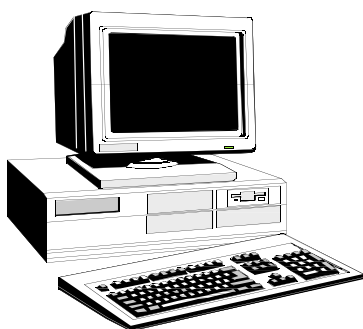
## Improving Use of Farm Records

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Extension agents and farm management specialists planned and conducted 118 "Using Computers to Manage the Modern Farm" workshops across the state. Nearly 1,200 individuals, 70 percent of whom were full-time farmers representing a range of enterprises, participated in the two-day workshops. The following results from evaluations indicate a vote of confidence for the training:

- 99 percent would encourage a friend to take the workshop;
- 90 percent considered changing their record-keeping system;
- 99 percent said the workshop was worth their time; and
- 95 percent would attend an advanced workshop.

A follow-up mail survey determined how farmers changed their record-keeping practices after participation in the workshop. Results showed the following:



- 46 percent of the respondents understood their financial records better;
- 32 percent changed their method of record-keeping;

- 30 percent now use financial records for management decisions; and
- 97 percent indicated this program "is the kind of workshop that The University of Tennessee Agricultural Extension Service should be presenting."

The average annual dollar benefit of the workshop exceeded \$838 per farm, according to the follow-up survey. Benefits from improved business decision-making skills generally accrue each year and over time. Therefore, this phase of the Management and Marketing Priority Program is expected to generate millions of dollars for these Tennessee farm families.

The following quotes from participants demonstrate how the workshops made a difference in record-keeping and decision-making practices:

- "The record-keeping workshop made me see the real need for planning and better records." — *Giles County farmer*
- "We'll definitely make use of the knowledge gained and keep our records on the computer." — *Sullivan County farmer*
- "I feel I gained a tremendous understanding of farm financial records and their importance. I feel the computer will be a very important tool to use on our farm." — *Jefferson County farmer*
- "The best part of the training was getting to have hands-on experience working through the total system." — *Madison County farmer*
- "The instructor has excellent knowledge of the subject and ability to explain the material. He enjoys his job and it shows." — *Haywood County farmer*

*THE Beef Cattle FIRM* computer software and user's guide were developed to assist farmers in making management decisions. The program was designed to help maintain individual cow, bull and calf performance; sales information; and



inventory records. Performance summaries become available for each cow, bull, cow group or calf crop. These records then can be used to make business decisions based upon performance. One hundred thirty farmers purchased the software.

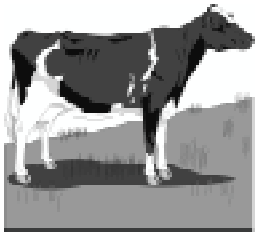
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## Systems Approach to Decision-making

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### ***Dairy Systems Manual and Software:***

From 1994 to 1997, a 24-member team of agronomists, economists, Extension agents, engineers and dairy specialists, along with farm advisers from Tennessee and Kentucky, prepared, pilot-tested and evaluated a dairy systems manual and user-



friendly computer program. Systems have been developed for dairy herd sizes ranging from 50 to 800 cows. The systems approach is being used to develop farm plans with 200 Tennessee and Kentucky dairy farm families. One hundred and

two Extension agents in the two states have been trained to use the manual in conducting educational programs. Training for Extension personnel in all Southern states is scheduled for spring 1998.

In 1997, the *Sustainable Dairy Systems Manual and Software* were presented to approximately 740 people at 12 meetings across Tennessee. The program also reached approximately 1,100 people in professional association meetings nationwide.

Evaluations by Extension agents undergoing the intensive training workshops reveal the following:

- 97 percent of participants said their knowledge was improved;
- 92 percent indicated an increased interest in the topic;
- 82 percent thought that the material was effective; and
- 97 percent reported the overall workshop was effective.

In written evaluations, participating farmers rated the manual and software 9.2 on a scale of 1 to 10, with 10 being the highest score.



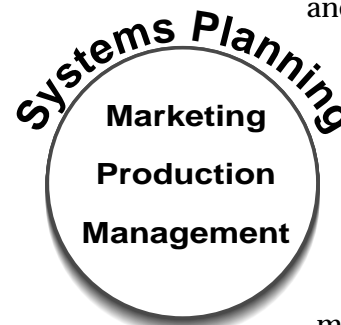
### ***Soybean Systems:***

Profitability-based, computerized decision-aids were developed for soybean farmers. Worksheets allow producers to analyze financial consequences of alternative soybean production methods prior to implementation. The software includes a detailed analysis of machinery costs and equitable land rental arrangements. The marketing phase of the system is now underway.

### ***Beef Systems:***

A Fund for Rural America beef systems project received USDA approval in late 1997. The integration of prior research results, producer resources and experiences, current economic information

and conventional economic tools points to development of a user-friendly, computer program for agents to use with producers. This decision-support tool, which combines plant and animal growth models, enterprise budgeting and risk-analysis methods, is expected to improve the competitiveness of small-cattle producers.




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## Improving Marketing Decisions

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Extension agents and area farm management specialists introduced farmers to marketing information sources, including satellite-based systems and the Internet. At six meetings, farmers learned about uses for marketing information systems and technical analysis. Evaluations indicated an increased understanding of marketing information among participants.



Extension agents placed marketing information in newspapers and posted the information at farm supply stores, markets and other agribusinesses. An area marketing strategies outlook conference was conducted in Clarksville and another marketing outlook conference was downlinked via satellite to four other sites across the state. There were three interactive market outlook television programs at five sites. Nine counties participated in quarterly market outlook teleconferences. At nine area one-day meetings across the state, 175 people learned basic marketing skills.

Twenty-four farm families in a pilot demonstration project assisted in the development of detailed marketing plans. One farmer reported an additional \$2,300 in annual net income after deciding to retain ownership of feeder cattle. Instead of selling directly from the farm, he sold his cattle in a video board sale, which netted an additional \$2,250.

Educational materials prepared on demand-based (market-focused) production of feeder cattle were used to train Extension personnel and others in several subsequent county meetings. As a result of

training in retained ownership, 1,000 copies of the new systems approach to beef cattle budgets and 37 copies of the computerized spreadsheet software were distributed and used statewide.

More than 100 producers participated in training on principles of fed-cattle marketing. A survey of Extension agents indicated that 109 producers retained ownership of cattle in a custom feedlot. Another 115 beef cattle producers participated in a retained-ownership conference. Houston County started a weekly marketing meeting to keep beef producers abreast of emerging marketing opportunities. And, periodic teleconferencing featured guest speakers.

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## The Future

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Previously identified management and marketing educational programs will continue. Increased emphasis will be placed on intensive use of the dairy-systems and soybean-systems teaching materials with Tennessee producers. The marketing component of soybean systems will be developed and tested in 1998.

# A UT Extension Reminder...

## Managing the Farm Business

The MANAGE Program was developed to help families analyze their total farming business so they can make informed decisions regarding their future. Guideline information and projections are individualized for a particular farm and family situation. Staff trained in farm and financial management will help families:

- review their current financial situation
- capitalize on the strengths and reduce weaknesses in the farm business
- develop individualized farm and financial plans
- explore alternatives both on and off the farm
- evaluate capital investment opportunities, including land and/or machinery purchases
- analyze the likely consequences of changing the scope of enterprises
- determine appropriate production practices

To become involved or to obtain additional information, contact your county Agricultural Extension Service office, or call the **toll-free MANAGEMENT Information Line at 1-800-345-0561**. All financial and personal information will remain confidential.



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Billy G. Hicks, Dean