



# Farm and Agribusiness Management

## Purpose

*The Tennessee FFA Farm and Agribusiness Management Career Development Event provides competition that fosters information assimilation, critical thinking and problem-solving skills necessary for successful business management. The skills learned in this event can be used to successfully manage a farm, agribusiness, pursue agricultural business careers and can be applied to personal financial management. The Tennessee FFA Farm and Agribusiness Management Career Development Event enhances and encourages opportunities for all participants to receive instruction that develops business management and entrepreneurial skills.*

## Objectives

Participants will demonstrate their ability to:

- Analyze business management information.
- Apply economic principles and concepts of business management to the decision-making process.
- Evaluate business management decisions.
- Work together cooperatively as a team.

## Principles and Concepts

The principles and concepts listed below may be included in each section of the event.

### **Economic Principles Related to Business Management**

- Production functions
  - Diminishing returns
  - Profit maximization
- Cost concepts
- Input combinations
- Enterprise selection
  - Equi-marginal returns
  - Specialization and diversification
- Supply and demand concepts
- Types of market competition
  - Perfectly competitive markets
  - Oligopoly markets
  - Monopolistic competitions
  - Monopoly markets

## Concepts related to the use and analysis of records to manage resources

- Financial statements
  - Balance sheet
  - Income statement
  - Statement of owner equity
  - Statement of cash flow
- Financial analysis
- Budgeting
  - Partial budgets
  - Whole-farm or business budgets
  - Enterprise budgets
  - General operating budgets
- Cash flow analysis
- Managerial accounting
- Tax management

## Concepts and functions of risk management

- Categories of risk
  - Financial
  - Market
  - Legal
  - Production
  - Human resources
- Risk management process
- Risk management plan

## Business Management

- Strategic management
  - Vision statement
  - Mission statement
  - Goals
- Tactical planning
- Operational planning
- Succession planning
- Estate planning
- Cost analysis
  - Fixed costs
  - Variable costs
- Business structure
- Commodity and agribusiness marketing
- Real estate acquisition

## Event Rules

- A team consists of four members. A team score consists of the total of four individuals' scores on the written exam plus the team activity score (all certified members must participate in the team activity).
- FFA Official Dress is required for this event.

### Equipment Provided by the student

- Two sharpened No. 2 pencils or equivalent.
- Non-programmable calculator

### Individual written exam Activity (100 Points-400 Total)

The written exam tests the ability of the participants to use decision-making and problem-analysis skills while applying economic principles and concepts taught in business management.

- Each team member works independently to complete the written exam. Each team member receives an individual score on the written exam.
- Ninety minutes are allowed for completion of the written exam.
- The multiple choice written exam may require calculations to determine the correct answer. All test questions will come from the past five years National FFA Farm Business Management Exams located on [ffa.org](http://ffa.org). A test bank will be maintained and updated annually on [tnffa.org](http://tnffa.org).
- The written exam has a maximum value of 100 points per team member.
- Individual scores on the written exam are used to calculate both the individual and team score.

### Team Activity (300 Points)

The team activity evaluates the ability of team members to work together to use decision-making and problem-analysis skills while applying economic principles and concepts taught in business management.

- Only the top ten scoring teams in the individual activity will be brought back for the team activity.
- Members of a team work together cooperatively to complete this section.
- Three hours are allowed for completion of the team activity. Participants may be required to submit a written report or provide an oral presentation, as outlined in the team orientation packet. All topics in the outline under the "Principles and Concepts" section can be included in the team activity.
- The team activity has a maximum value of 300 points per team and is only included in the team score. Points are divided as follows:

## Scoring

The following table summarizes the breakdown of points, event section for each point allocation and the amount of time allowed for each section of the event.

Points			
Section	Time	Individual	Team
Written exam	90 Minutes	100	400
Team activity	180 Minutes		300
<b>TOTAL</b>		100	700

### Tiebreakers

Judges will break ties on team scores using the following sequence:

- The score on the written section of the team activity.
- The score on pre-selected questions of the written exam.

Judges will break ties on individual scores using pre-selected sections of the written exam.

## References

*This list of references is not intended to be all-inclusive.*

Other sources may be utilized, and teachers are encouraged to make use of the best instructional materials available. The following list contains references that may prove helpful during event preparation.

Numerous sources of materials exist, and participating teams should consult with their state's cooperative extension service, the colleges and universities teaching farm and ranch business management and other material services available to the participating school. For the most current listing of resources and definitions for economic terms, refer to the farm and agribusiness management CDE section of the national FFA website at [FFA.org](http://FFA.org).

### Primary

- Jobes, Steward, Casey and Purcell (2010). Farm and Ranch Business Management (latest edition). Deere & Company, John Deere Publishing, East Moline, Ill. 61244. <http://www.deere.com/publications>
- Kay, Edwards and Duffy. Farm Management. McGraw-Hill Book Co., New York, N.Y. (most current edition).
- CDE NCQ, [FFA.org](http://FFA.org). Examples of enterprise budgets and financial statements used in the CDE.

## Secondary

- Boehlje and Eidman (1984). Farm Management. John Wiley and Sons, New York, N.Y.
- Bowers, Love and Kletke (1994). Machinery Replacement Strategies. Deere & Company, John Deere Publishing, East Moline, Ill. 61244. Deere & Company. <http://www.deere.com>
- Dicks, Michael (1998). Agricultural Policy and How It Affects You, Deere & Company, John Deere Publishing, East Moline, Ill. 61244.
- Oltmans, Klinefleter, and Frey (2001) Agricultural Financial Reporting and Analysis. Doane Agricultural Services, St. Louis, Mo.
- Purcell, Wayne D. (1995). Marketing Agricultural Commodities. Deere & Company, John Deere Publishing, East Moline, Ill. 61244.
- Wilson, Purcell, Burton, and Wahlberg (1994). Managing Livestock Production. Deere & Company, John Deere Publishing, East Moline, Ill. 61244.
- Wilson, Purcell, Burton, and Wahlberg (1994). Managing Agricultural Commodities. Deere & Company, John Deere Publishing, East Moline, Ill. 61244

## Technical References

- Farmers Tax Guide, published by the Department of the Treasury, Internal Revenue Service, can be obtained from the IRS Forms Distribution center in your state or the IRS website. <http://www.irs.gov/publications/p225/index.html>
- Farm Financial Standards Council, Financial Guidelines for Agriculture Producers, 1998. <http://www.ffsc.org/>
- Assorted educational materials are available on hedging, forward contracting and commodity futures trading from any of the following addresses.
  - Chicago Mercantile Exchange, 30 South Wacker Drive, Chicago, Ill. 60604. <http://www.cmegroup.com>
  - Kansas City Board of Trade, 4800 West Main Street, Kansas City, Mo. 64112.
  - New York Cotton Exchange, New York Mercantile Exchange Building, One North End Avenue, New York, N.Y. 10282-1101.
- New York Mercantile Exchange, Commodity Exchange Ctr., One North End Avenue, New York, N.Y. 10282-1101.
- Doane Agricultural Services, Vance Publishing Corp., 77 Westport Plaza, #250, St. Louis, Mo. 63416. Doane provides a variety of educational materials related to farm and ranch management.
- Cooperative Extension Service in your state. Contact your local extension agent for access to farm and ranch management educational materials.



