Econ 466  Farm/Agribusiness Credit Case Study

Group Project #1

Objective: Explore the role of credit, financial services, and market strategy in an actual farm business.

Procedures and Process:

1. Identify the group you will work in for the project. You must have at least 3 members but no more than 5. Ideally the class will break down into 7 groups.
2. Identify farm or agribusiness for analysis
3. Contact managers or owners to see if they are willing to participate. If firm is larger in scope or not locally owned research strategy may be modified.
4. Interview the business managers for background information to guide your written report and corresponding research. If managers are not cooperative you can choose another small local business or make use of public information about larger firms.
5. Prepare a case study of the firm covering the following topics
   a. Description of current operation
      i. Size and scope
      ii. Enterprises
      iii. Ownership and organization
   b. Brief History of Business
   c. Managerial objectives and business strategy
   d. Assessment of farm’s financial performance and credit worthiness (requires research into market factors)
   e. Identify businesses current credit suppliers
      i. Type of institution(s)
      ii. Type of credit provided
      iii. Competitive forces in that market
   f. What is the decision making process that leads the firm to obtain credit and financial services? Why the sources they use? What is the next best alternative to obtaining credit from where they do?
   g. What have the credit suppliers financed? Examples: Operating expenses, machinery or breeding stock, capital acquisition and expansion, etc.

Additional questions to consider:

h. Has the business sought and obtained outside equity? Under what circumstances and to what end?
   i. Has the business ever required financial restructuring or a work out? Under what circumstances and to what end?
j. What changes does the business anticipate in the next five years? How will their demand for credit change? How will their market strategy be impacted?

Paper Requirements:

As I have mentioned, I prefer clear efficient writing to lots of pages devoted to little information. A professor once told me that if you run out of intelligent things to say, writing more will not convince anyone otherwise but will instead increase the chances that what intelligence you have conveyed will be discounted. I do still like readable papers with appropriate writing style! Your ability to write effectively will be one of the greatest benefits to your career and conversely, those who don’t master the skill rarely master their field (I know that won’t be any of you). If you use a locally owned, privately held business do not disclose their real name or identity. If you choose to profile a publically traded firm or large agri-business however, by all means tell us who you researched. Generally speaking, a thorough analysis would take the average writer seven pages to convey effectively. You will be awarded for thoroughness and quality of the analysis in the grading.

Class Presentation:

All groups will be expected to present to the class

Due Date for written papers:

March 10, 2009

Presentations:

March 10 and 12th, 2009

Each group will be expected to give a presentation of 15-20 minutes, including questions and comments from the class and instructor.