OBJECTIVE: The course objective is to apply techniques available for planning and analyzing farm business decisions. The primary focus will be on strategic planning, budgeting, cash flow analysis, records and business analysis, tax management, and whole farm planning. Analysis will be based on past performance as well as future goals. Computers will be relied on heavily as aids in these evaluations. Sub-objectives are to:

a) Utilize the experiences of class members.

b) Discuss and implement strategic business planning.

c) Discuss problems and options for the beginning or low-equity farmer.

d) Develop cash flow analysis as a business analysis tool.

e) Acquire judgment and skill in using budgeting procedures and planning techniques to analyze alternative farming strategies.

f) Learn techniques for evaluating the health and weaknesses of a farm business through record analysis.

g) Learn about income tax management techniques that help farmers maximize their effectiveness in tax management and planning.

h) Explore some alternative means to gaining control of farm production assets and evaluate their economic feasibility.

INSTRUCTORS:  

<table>
<thead>
<tr>
<th>Sections 1&amp;2</th>
<th>Sections 1&amp;2 Lab</th>
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<tbody>
<tr>
<td>Dr. James Kliebenstein</td>
<td>David Harris</td>
</tr>
<tr>
<td>178B Heady Hall</td>
<td>279 Heady</td>
</tr>
<tr>
<td>Phone: 294-7111</td>
<td>Phone: 294-5438</td>
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Office Hours:  

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<thead>
<tr>
<th>Sections 1&amp;2</th>
<th>Sections 1&amp;2 Lab</th>
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<tbody>
<tr>
<td>TR 2-5</td>
<td>To be announced.</td>
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<td>W 9-12</td>
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MATERIALS: A packet of information has been prepared and is available at Copyworks on Welch Ave. in campus town. In addition, you will need to provide your own 32 inch computer disks. *Always bring your computer disks to lab.*

Computer software for use in lab assignments will be available in the computer lab in Heady Hall (68 Heady). Spreadsheet software used will be Excel. The spreadsheet software Excel is available in other IBM compatible computer labs around campus. However, the specific templates are not available in other labs. We will also be using FINPACK, a budgeting package (cashflow, whole farm planning, etc.). Two different computerized record programs, PC MARS and AgCHEK will also be available. Due to licensing agreements, these are only available in 68 Heady Hall. Other publications, etc., will be provided as needed for different sections of the course.

**UNIT I:** STRATEGIC PLANNING AND THE FARM BUSINESS

Establishing goals and strategic planning.
Management role in agriculture.
Realities of getting started.
Macro-economic issues in planning

**Assignment:** Developing an inventory of resources available, personnel capabilities, family and business goals, etc., that impact business decisions. Developing a strategic plan for a business of your choice.

**UNIT II:** CASH FLOW ANALYSIS/ENTERPRISE BUDGETING

Developing enterprise budgets.
Enterprise analysis.
Developing cash flows.
Cash flow analysis.

**Assignment:** Developing a monthly and annual cash flow using FINPACK. Students will need to pull the information together and determine purchasing, production, marketing, and financing sequencing for an example farm operation. Developing enterprise budgets for FINPACK use. There will be other shorter assignments on pig finishing, crop share development, and beef feeding completed prior to the cash flow assignment.
UNIT III: MONITORING THE BUSINESS THROUGH RECORDS

Adopting a record system -- what's in them?
Consistency in record keeping.
Special record problems.
Interpretation of financial statements.
Business evaluation through consistent ratios.
Enterprise evaluation and analysis.
Use of cash flow as a record tool.
Computerized records.
Analysis of a farm with few (if any) records.
Farm profitability vs. cash flow feasibility.

Assignment: A complete farm record system for an example farm will be used for business analysis. PC MARS and AgCHEK will be the computer packages available. There will be other assignments to supplement the record assignment.

UNIT IV: TAX MANAGEMENT AND ANALYSIS

Relationship of farm business profit to farm taxable income.
How to influence level of taxes paid.
Impacts of new tax law on farm decisions.

Assignment: Complete taxes for example farm operation.

UNIT V: PLANNING FOR THE FUTURE

Use of records in farm planning.
Planning cropping systems.
Planning livestock systems.
Partial budgeting.
Whole farm plan.
Cash demands (cash flow).
Strategies for low equity farmers.
Options for growth.

Assignment: Completion of a whole farm plan for an example farm. FINPACK will be used for this analysis. There will be other shorter assignments to supplement the farm plan.
UNIT VI: OTHER TOPICS (Summary)

Dealing with risk and uncertainty.
Land acquisition strategies.
Machinery acquisition.
Capital acquisition strategies.

GRADING:

<table>
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<tr>
<th>Component</th>
<th>Points</th>
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<tr>
<td>Exams (mid-term, final)</td>
<td>250-275 pts.</td>
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<tr>
<td>Lab assignments, quizzes, etc.</td>
<td>370 pts.</td>
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<tr>
<td>Paper, presentation, discussion*</td>
<td>170 pts.</td>
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A point on lab assignments, quizzes and the paper will be 2/3 the value of a point on the exams.

*The paper will be a term paper prepared as a group assignment. This assignment will involve development of the paper, presentation of the topic in class, and in class discussion of other papers. Further detail will be provided on this at a later date.

The following will represent a late deduct for Econ 430:

! An assignment handed in after the due date and before the graded assignments are handed back will have an automatic, up front, deduction of 15 percent.

! An assignment handed in after the graded assignment is handed back will have an automatic, up front, deduction of 50 percent.