

# FARM BUSINESS MANAGEMENT

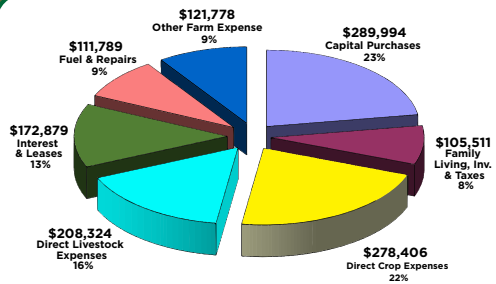
Established in Minnesota in 1953



## Highlights from 70 Years of FBM

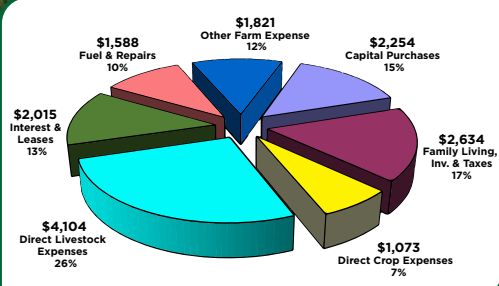
Below is the average money spent by each reporting farm in Minnesota, in and around the local community throughout 70 years.

### APRIL 2023



2,154 farms reporting;  
average spending:  
\$1,113,910

### APRIL 1956



152 farms reporting;  
average spending:  
\$15,488

#### MISSION:

*To deliver management education for decision-making that achieves an individual's business goals.*

#### VISION:

*To provide educational opportunities for students to be successful in a competitive agricultural environment.*



**MINNESOTA STATE**  
Agricultural Centers of Excellence



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Way to go Minnesota FBM!

You have reached a milestone that is very difficult to attain considering the unique nature of the program, and the focus on traditional program offerings in state higher education systems. FBM instructors work one-on-one with active farmers to provide education on financial management and goal setting.

The consistent delivery of education using a statewide curriculum has helped to ensure longevity. This longevity, along with the breadth, depth, and size of the Minnesota FBM program makes it unlike any other farm educational program in the country. Further, the MN FBM Database is the most comprehensive database in the country, providing needed financial information to numerous agricultural partners, and makes up about 70% of the National Benchmarking Database which is housed at the Center for Farm Financial Management at the University of Minnesota. From the humble beginnings of hand calculations, to electronic analysis in the '60s, to portable computers in the '80s, to the laptops and zoom meetings of today; FBM has adjusted with the times and added value to the state of Minnesota. Well done for over 70 years, and here is to the next 70 years.

Megan Roberts,  
Executive Director of  
the Southern Agricultural Center of Excellence



Congratulations Minnesota Farm Business Management Education for reaching 70 years. You have weathered the storm of change in governance, the pressures of highs and lows in the farm economy, operating an individualized instruction program in a classroom-based educational system,

and the challenge of building programs across the state to meet the needs of farmers interested in strengthening their business through financial management education. While weathering these storms you have provided premier education for farmers that makes Minnesota FBM the envy of the country. Your collective ability to effectively provide "on-time education" to farmers, while collaborating with partners and their programs, is what has brought FBM through these challenges. FBM students and instructors have come together to generate a state database that currently includes data from over 2000 farmers across Minnesota. Incorporating data from that database in farm decision making has resulted in positive results for farmers enrolled in the program. In a world where data is the key to working effectively with all agricultural stakeholders, FBM has risen to the surface in providing quality and comprehensive financial management information to farmers and their partners in agriculture; supporting FINBIN, which now receives over 35,000 queries annually. The current program was built on the shoulders of dedicated instructors and leaders over the years. Best wishes on another 70 years.

Keith Olander,  
Executive Director of AgCentric,  
the Northern Agricultural Center of Excellence



“

At the year's end, thanks to the Farm Business Annual Report, I can compare my farm to similar farms in my area as well as see how my farm has fared from year to year. While this is truly invaluable to me, I can only imagine the value this provides to the local financial community.

– FBM Student

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“

When Farm Business Management became involved with the farmers they (FBM) filled a void that existed. Prior to that time the records were more for the benefit of the bank than they were to the farmer. They (FBM) helped the farmers move from record keeping and analysis to an understanding of what the records mean and what could be done to grow their operation.

– Lender

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## Highlights from 70 Years of FBM

### 1953

**The Beginning:** A new cooperative approach to adult education in agriculture was presented by Dr. Milo Peterson, head of the Department of Agriculture, University of Minnesota in 1952. "Each participating farmer will keep a set of farm records and make available certain data for research and teaching purposes for comparison." Much of the concept for the program had its origin in the veteran's agriculture offerings, which started after WWII. The philosophical contribution of veteran's agriculture was that education is "learner centered" rather than "teacher centered." This was the philosophy of Dr. A.M. Field, who believed that "the pupil learns through his own activities." Dr. Peterson received key funding from the Hill Family Foundation; with other funding from the Farmers Union Grain Terminal Association and the Minnesota Iron Range Resources Commission. Lauren Granger assumed the coordinator responsibility starting in April of 1953.



### 1960

**Ag Coordinators Begin:** The position of "Area Agriculture Coordinator" was established by amendment to the State Plan for Vocational Education in 1960. The coordinator was charged with conducting activities in agriculture education for the area that could not be accomplished by individual schools or instructors. The position would: conduct the farm record analysis process, provide in-service to teachers, develop teaching materials, direct regional FFA activities and organize and teach classes on an area-wide basis. The growth of the cooperative farm management program following the establishment of the area coordinator position was phenomenal. This position set the stage for the Regional Deans of Management Education and the current Directors of the Agriculture Centers of Excellence.

Those who first served:  
Fred Sorenson, Leo Keskinen, Ed O'Connell, Del Hodgkins, Charles Painter, Gordon Ferguson, & Ralph Smith (U of M).

### 1965

#### Electronic Farm Analysis:

In 1964, four Ag Coordinators agreed to incorporate an electronic analysis for averaging records that were published in 1965. That system was through Agricultural Records Cooperative (ARC) in Madison, Wis. Moving from in-house hand calculations to sending farmer data to a brand new company with a brand new analysis program was difficult but ultimately successful. The following year, all analysis centers went electronic. ARC would become Specialized Data Systems (SDS) in the early 1980s.

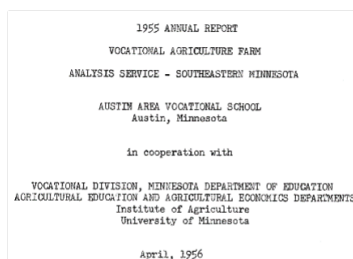
Analysis Data Form

Farm & Ranch  
Business Management  
Program

### 1956

#### 1st Annual Report:

Minnesota was well in the forefront of farm record analysis nationally, with early analyses focused more towards research. Those in agricultural education seeking a management emphasis recognized the potential of such an analysis. The Minnesota analysis approach was a hand calculated self-analysis, one of the most comprehensive in the country. It was adopted in the early 50's and replaced earlier versions of a farm record analysis. In 1955, Ralph Smith developed a formalized procedure for a complete analysis of his veteran trainees' records. He compiled averages and prepared a report with detailed directions for the entire process. In 1956, Area vocational schools at Thief River Falls, Mankato and Austin were selected as analysis centers for the 1955 farm records. These three centers adopted this process and analyzed a total of 153 farm records for the 1955 record year. Reports were published in the spring of 1956.



### 1970

#### First State Curriculum:

To maintain the instructional integrity of the Farm Business Management (FBM) program throughout the state, a comprehensive and sequential curriculum was adopted in 1970. The curriculum incorporated instructional materials to teach farmers for the first four years of enrollment. It included suggestions for both group and individual instruction, with these four segments: Farm Management I - Farm Records and Accounts; Farm Management II - Farm Business Analysis; Farm Management III - Farm Business Organization; and Farm Management IV - Advanced Farm Management.

A COURSE OF STUDY FOR  
ADULT FARMER INSTRUCTION  
IN FARM MANAGEMENT AND  
FARM BUSINESS ANALYSIS



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## 1973

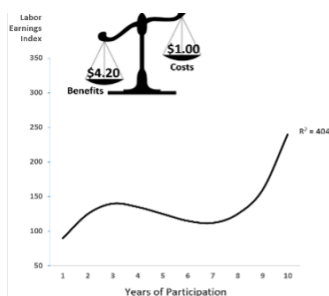
### Veterans Farm Management:

Farm business management expanded at a steady trend between 1966 and 1973. With the advent of the Veterans Co-op program on July 1, 1973, program expansion accelerated rapidly. At the conclusion of these programs in 1983, 90 veterans programs transitioned into the regular adult FBM programs. FBM expanded from 20-plus full-time programs in 1967 to 100 programs by July 1, 1983.



## 1977

**Taking a Stand:** In November of 1976, Dr. Edgar Persons completed a cost study on MN Adult Farm Management programs. This study noted that, on average, the local HS or Area Vocational Technical Institute (AVTI) was funded to about 60% of total costs. In 1977, legislative action reaffirmed support for adult education in farm management, but not without great controversy. The State Department of Education interpreted the legislative intent differently, and established rules that severely restricted the use of public funds for long-term enrollment. A special legislative commission was convened to provide oversight in rulemaking to insure that rules matched legislative intent.



## 1983

**New State Board:** In 1983 the State Board of Vocational Technical Education was established. The new authority had responsibility for all educational programs in the AVTI system. As a result, all FBM programs located in AVTI's came under supervision and management of that system. All local school district FBM instructors, however, remained under the supervision of their respective districts.



## 1984

### Ag Coordinator Transition:

Discussions leading up to 1984 generated questions about the future of this position. Retirements would initiate major change in statewide leadership in FBM. The State Director and three of six Coordinator positions would change personnel for the first time in an average of 18+ years. The strain of the farm crisis of the early 1980's had resulted in a greater need for program promotion to uncover this "best kept secret".



## 1985

### Omnibus Agriculture Act of 1985:

The farm crisis brought profound changes to the Minnesota FBM program in the mid-1980s. Student numbers had reduced because of the exodus of farmers from production agriculture due to low prices, high costs, and re-valuation of assets. The Minnesota Legislature responded to the cries of rural Minnesota with this Act, which provided funds for: 19 new FBM programs; portable personal computers, FINPACK financial management software, and FINPACK training for each instructor; and tuition assistance for enrolled families. (Selected HS instructors and County Agents also received this computer package) The result was significant growth in enrollment, but more importantly, a reinforced focus of developing the financial management skills of farmers across MN.



## 1991

**MnSCU Created:** In 1991 the Minnesota Legislature took action to merge the Minnesota Technical College System with the community colleges and state universities, forming a single higher education system called the Minnesota State Colleges and Universities (MnSCU). The "Area Agriculture Coordinator" was renamed "Regional Agriculture Program Manager" and meetings were held to introduce FBM education to the interim Chancellor and staff of the new statewide system.





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## 1992

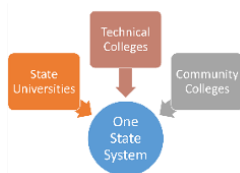
### Credit-based Curriculum:

In 1990 a new six-year quarter-credit curriculum was developed and went into effect in 1992, replacing the traditional hour-based program. Enrolled farmers could now receive a two-year diploma or certificate in farm management after successful completion of the first six-years of the program.



## 1995

**The Merger:** On July 1, 1995 all FBM instructors, regardless of where they were located, were transferred to MnSCU and came under the direct supervision of the Regional Ag Program Manager. The title of Regional Ag Program Manager was changed to "Regional Dean of Management Education (RDME)" in 1996 to reflect continuity across the MnSCU System. This was the first time since 1982 that all programs and instructors were under a single system.



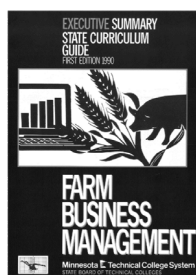
## 1996

**FINPACK :** In 1991, John Murray approved a 3-year pilot project for the Northeast and East Central MN analysis region to compare SDS and FINPACK. As of the 1994 analysis year, three regions had switched to FINPACK. In 1996 the FBM program, as a whole discontinued its relationship with SDS and adopted the FINPACK analysis at the University of Minnesota Center for Farm Financial Management.



## 1998

**Semester Credits:** In 1995, the Minnesota State Legislature passed legislation stating that by 1998 all public colleges and universities in the state must be on semester calendars. FBM started converting to semester credits in 1996, with a committee of twelve FBM instructors and the Regional Deans of Management Education, under the leadership of the MnSCU Director of Management Education. By 1998, all courses in the curriculum had been converted to semester credits.



## 1998

### Rural Mental Health:

Coming out of the Farm Crisis and feeling the stress of the increased volatility in the Ag economy, FBM saw the need for emotional as well as financial support for farmers. Rural Mental Health funding would enable a professional to work one-on-one with producers to address this very private matter. This unique program has provided support to producers and faculty ever since, serving needs that would otherwise have gone unmet.



## 1999

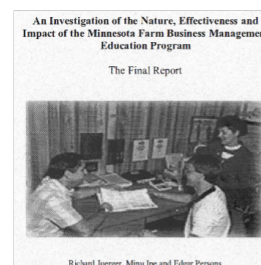
### Statewide Task Force:

In 1999, a task force met to consider the components of a uniform statewide customer-focused educational program to meet the needs of farm and small business owners, operators and managers. The task force made several recommendations that helped provide uniformity across all campuses that delivered management education, including: use the established statewide curriculum, continue to deliver management education on a credit basis, evaluate programs on an annual basis, develop and implement a uniform billing process, provide students with flexible tuition payment options, develop flexible workload policies that accommodate the special circumstances found in management education.

FBM reaffirmed in the new system

## 2000

**A New Century:** A 2000 research study by Joerger, Ipe and Persons, Division of AFEE and the U of M, supported by MnSCU, reinforced many previous research findings. Key findings revealed that students believed they received an annual increase in farm income of nearly \$5,000 as a result of FBM education and that 60 percent of the enrollees intend to participate for seven or more years. The FBM Regional Deans of Management Education were charged with completing a strategic plan for FBM in the summer of 2001. The resulting mission was: "The Farm Business Management Education program provides student focused management education that will help individuals, farm or agricultural business managers, who are in a position to make managerial decisions in achieving their business goals."



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## 2000

**Professional Excellence Program (PEP):** The intensity of the unique position of an FBM instructor can be overwhelming for new instructors. Without support in the early years, the turnover for new instructors was too high to ensure the long term viability of these new positions. PEP was designed to provide on-the-job training and support to build confidence in new instructors through group meetings and mentoring.

### MENTORSHIP

PEP would quickly be recognized as a model for other programs around the country.

## 2003

### 50th Anniversary:

Stakeholders, System Office staff, FBM students, and other MAAE members joined FBM instructors and Deans in a celebration at the MAAE Annual Summer Conference in Pequot Lakes, MN. Numerous letters of support and testimonials had been collected and were shared in recognition of this milestone.



## 2010

**Statewide Task Force:** Leading up to this task force, there had been major turnover in college presidents and presidents had been experiencing increasing pressure to evaluate all programs, especially high cost programs. Beginning in 2009, a 25-member task force addressed three areas: Resource and Partnership Development, The FBM Database, and Curriculum & Program Design. The top five recommendations moved forward to the System Office and the college presidents for further action.

### BUILDING AWARENESS

## 2012

**Time of Change:** By 2012, FBM programs, Regional Deans, and the State Director were under extreme pressure to change and had experienced significant stress as system leadership worked to manage funding scenarios. College presidents deemed that the current State Director and Regional Dean structure was no

longer perceived as viable and steps needed to be considered for future leadership. Centers of Excellence existed in MnSCU for other industry sectors, which made an Agriculture Center a real possibility. In 2012 the Southern Center was established in Mankato and in 2014, the Northern Center (AgCentric) was established in Staples. The Directors of these Centers would lead future efforts in the Farm Business Management program.



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## 2015

**Sustain and Grow:** With ongoing changes in college leadership and the resulting loss of institutional memory, critical steps were needed to support FBM. After several years of funding challenges in the system, MAAE garnered legislative support that came through the Minnesota Department of Agriculture in the form of challenge grants managed by the Minnesota Agricultural Education Leadership Council (MAELC). MAELC became the critical partner in supporting FBM as a one-on-one, student-focused program with unique funding needs.



## 2023

**A New Era:** Farm Business Management has weathered the storm that is governance in a higher education system. This specialized program, which provides an added value to the state of Minnesota that no other program can, is set for another 70 years. That added value is the State FBM Database which results from students of the program recording their data and sharing with the state so they can use the benchmarking data to improve their business. A program that meets the needs of its students, while serving the greater good, will certainly have a place in the future. The key to holding that place is a unified effort by all internal and external stakeholders.



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## HIGHLIGHTS OF FARM BUSINESS MANAGEMENT

### One Unique Program:

Minnesota FBM is known for delivering a consistent education on farm financial management. This stems from a distinctive statewide curriculum focusing on accounting, business analysis and interpretation, financial literacy, and goal achievement. The program uses annual FBM reports as a textbook, enabling the student to access current data for informed decision making. The primary delivery method is one-on-one, individualized instruction providing a unique educational plan for each student. Tailoring education to the individual results in learning that is applied at a faster rate. Instructors work in a real time setting where a dynamic business requires education that can be applied in the near term to generate the greatest impact for the student.



FBM has allowed us to make the best financial decisions for our farm and our family.  
– FBM Student

### FBM Reports:

Since 1956, FBM has been publishing annual reports to provide benchmarking data for FBM students and for the greater agricultural community. Data from 2,154 farms for 2022 was published in April of 2023 using three regional reports: Southern MN, Northern MN, and the Red River Valley. These reports include whole farm financial data, crop and livestock enterprise data, and personal spending. Special sort reports are also published: MN Dairy Sort (since 1997), State Executive Summary (since 2005), State Crop Sort (since 2007), Intensified Environmental Practices (since 2020), Beginning Farmer Sort (since 2022), and the Cover Crop Sort (2023). All reports are located at the site accessed by this QR Code.



I use the information from the annual report to gauge how the producer I am working with compares to other operations in southern Minnesota. Since it is a summary of actual farm operations, it provides great information on how my client is doing for both income and costs.  
– Lender

### The FBM Student:

The skill set to operate a modern farm needs to be complimented with a skill set to manage that farm. Managing a farm business requires farmers to keep records that inform them of the profitability of their labors. FBM students are farmers who understand the value of financial records for informed decision making. They are willing to develop a recordkeeping history, including a business analysis, to enable them to use trend data for planning and management. FBM students know their true cost of production, can effectively discuss financial factors with lenders, know their actual business profit, gain value from comparing their data to peers, and they understand the importance of clear, written goals.



Not only does the FBM program help me clearly understand the financial analysis of my farm, it also give me confidence to make the decisions that will have the most benefit.  
– FBM Student

### Value of the State FBM Database:

Determining a value of a product often includes a comparison to a similar product. In the case of the FBM Database, this is difficult at best, because no similar product exists for comparison. First and foremost, the FBM Database provides educational content that enables FBM students to compare their farm's data with a benchmark; enhancing decision making and increasing the opportunity for greater profit. Minnesota agriculture, including other farmers, lenders, state agencies and commodity organizations benefit from access to this information. Lastly, MN data is responsible for over 67% of all data submitted to the National Farm Business Management Database, which is housed at the Center for Farm Financial Management.

#### Farm Financial Scorecard

Using Recommended Measures from the Farm Financial Standards Council (FFSC)

	Your Farm:	Vulnerable	1.5	2.0	Strong
Liquidity					
Current Ratio					
Working Capital as % of Gross Revenue					
Working Capital as % of Operating Expense					

I have used benchmarking to compare my costs and profit potential for different enterprises. It tells me to look for different ways to reduce costs or expand in different enterprises.  
– FBM Student



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## HIGHLIGHTS OF FARM BUSINESS MANAGEMENT

### Center for Farm Financial Management:

CFFM has been a critical, central partner for the FBM program since 1996. FINPACK is an excellent financial management software program that has enhanced FBM education by providing quality information for decision making. This partnership is unique because entities from the two major public higher education systems in MN have had a mutually



beneficial partnership for over 25 years. This type of relationship is extremely uncommon because it is difficult for institutions with differing missions to find common ground for an extended period. Common ground for FBM and CFFM has been enhancing education for MN farmers, providing a system for analyzing farm business data, and developing a database that benefits FBM students while providing benchmarking data for all agricultural stakeholders in MN.

“As a financial professional having worked with both FINPACK and Farm Business Management for over 30 years I can't imagine a better investment for both the bank and our customer. – Lender”

### The Consumer and Climate-Smart Practices:

As expectations increase for more transparency in agriculture and expanded use of conservation practices, the need for economic data also increases. There are costs and benefits from implementing farm practices that exceed normal practices to provide greater support in environmental sustainability. Decisions to implement new practices are impacted by the balancing act of Environmental Sustainability and Financial Viability, as shown to the right.



Balancing Act

Access to an informed interpretation of financial data becomes more critical in today's society. Partnering to address emerging information expectations will be crucial as production agriculture incorporates an enhanced level of Climate-Smart practices in the future. FBM will be a key MN partner in that effort.

“I'm a new beginning farmer on my second year of production...I believe that FBM has been a great tool and improved my understanding of the financial side of the farm in a big way. – FBM Student”

### Partnerships:

Education programs are generally more impactful when they partner with stakeholders that influence or are influenced by the program's students. Innovative programs seek partners and build relationships that are complementary. FBM has built partnerships for 70 years and new connections are being added at an increased rate. Agencies, lenders, commodity organizations and other educational programs understand the need for financial data for quality decision making, and they look to FBM as a partner in that effort. Partnerships have been instrumental in building a strong FBM program, an informed partner team, and a state database that is one of a kind. These partnerships have cast a light on the value of financial data for decisions impacting the agriculture sector in Minnesota.



### Expanded Role:

FBM works with producers of all ages, who have farms of all sizes and types, and have a wide range in years farming. Those producers average 47 years of age with 23 years of farming, and generate 60% of their income from crops sales and 40% from livestock and other income. FBM works with over 10% of all commercial sized farms in MN, those with sales over \$250,000. For over 40 years, a Specialty Crop Management program has worked with smaller sized operations that grow crops intensively on smaller acreages. Recently, with the growth of small scale operations operated by emerging farmers in and around the metro area, the need for management education has expanded. A new Urban Agriculture FBM program started in 2022 to work with producers who are underserved by other educational programs.

