

Market Place Assessment for FBM

Today and Tomorrow

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Today's Market:

FBM program statewide works with a myriad of students:

1. Primarily traditional family farmers
2. A few larger family held multiple entity farmers
3. Farm Service Agency borrower training farmers
4. Rural Finance Authority financed farmers

Students farm businesses can be characterized as:

1. Livestock and Grain
2. Cash Grain
3. Intensive Livestock

Tomorrow's Market:

Agriculture and farming are changing fast. New technologies, innovative financing, global economics, environmental concerns and business ethics are just a few of the challenges farm businesses and families face daily. Many of today's farmers are ill equipped to tackle in a business like fashion those new challenges.

Minnesota agriculture is struggling to find its place today. FBM is also struggling to determine how it fits. Thankfully we have some time because the traditional family farmer, our bread and butter, is slow to leave the scene. Family farmers are very resilient, but are being worn down each year.

Thankfully FBM is well equipped if given leave to do the job. Our niche is farm financial management. Production management has largely been assumed by private business, but not financials. Time and time again, I see little tie between production management advice and the financial implications of that action. That is where FBM fits.

Today and increasingly tomorrow farm business fit into these groups:

1. Part-time Farm
 - Hobby
 - One or both Spouses working part or full time
 - Increasing in numbers
2. Traditional style Family Farm
 - One or both spouses fully employed farming-usually one spouse has off-farm full or part time employment
 - Need FBM and with encouragement many do and will enroll
 - FBM's past and for some time in the future our core constituency
 - Decreasing in numbers, but still many

3. Super Farm

- Multi-family members involved or an entrepreneur with employees
- Entity usually partnerships, limited liability companies, incorporated, or various combinations
- Large complex businesses
- Need FBM expertise, but difficult to deliver instruction due to complexity of business and the FBM structure makes it difficult. Multiple enrollees from the business and/or in-house instruction would enhance delivery.
- Increasing in numbers by replacing traditional family farmers

4. Mega-Farm

- Corporate farms
- FBM fit may be intrapreneurial education for their mid-level managers.
- Few in number and not going to increase dramatically.

The future farm in any group will be of two styles:

1. Contract Farmers-franchise farms-in some form or other-NON Risk Takers

- Most traditional family farms will move this direction
- Few Mega-Farms will
- Some Super Farms will be partially or in some cases all contract based
- Some Hobby Farms will be part or all contract based

2. Entrepreneur's-Risk Takers

- FBM could have a major role in sustaining these family farmers- risk takers
- Family farms that remain will be our bread and butter
- Some Super farms would be in our program

Management education presently does limited instruction to agribusiness personnel especially creditors. In the future these educational opportunities could be expanded to the following stakeholders in the success of the farm business students.

1. Creditors

2. Employees of the farm business

3. Agribusiness employees