Providing Insight into the "Value" of the State Farm Business Management Database

---

Overview

Over the years, students and instructors of the Farm Business Management (FBM) programs in Minnesota have continually commented that the state FBM Database is a valuable tool for both decision making in the farm business and instruction about how the student's individual business compares to other farm businesses. Additionally, stakeholders such as lenders, government agencies, and farm organizations have noted the value and usefulness of this unique database for their decision making within their individual entities.

The Merriam/Webster Dictionary suggests four full definitions of "value" that relate to the worth of something; rather than a musical or color-based value. Those definitions include:

1: a fair return or equivalent in goods, services, or money for something exchanged
2: the monetary worth of something: market price
3: relative worth, utility, or importance <a good value at the price>
4: a numerical quantity that is assigned or is determined by calculation or measurement <let x take on positive values><a value for the age of the earth>

These definitions provide direction in developing a basic statement regarding the value of an item. Beyond that, however, any attempt to identify the value of the FBM database will require more specific detail.

One way to assist in identifying the value of an item is to provide a comparison to similar items. (One might compare the value of one brand of blue jeans to another brand of a similar price.) This is difficult with the Minnesota Farm Business Management Database, however, because a similar product is not available for a "fair comparison". Three areas are noted below to express the value of the FBM database.

Size and Impact of the Minnesota FBM Database

It is important to note that the Minnesota FBM data is the single largest dataset and accounts for the vast majority of all records included in both the State and the National Farm Management Database; which is housed in the FINBIN website at the Center for Farm Financial Management (CFFM) at the University of Minnesota. Note the 10-year history of farm records in the FBM database, the state database, and the national database.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
MN Farms in FBM Database	2247	2332	2485	2336	2338	2362	2293	2210	2091	2047
All MN farms in State Database	2354	2442	2592	2435	2433	2459	2400	2320	2206	2156
FBM as a % of State	95%	95%	96%	96%	96%	96%	96%	95%	95%	95%
All farms in National Database	3315	3340	3451	3553	3520	3671	3747	3610	3246	3199
FBM as a % of National	68%	70%	72%	66%	66%	64%	61%	61%	64%	67%

Over the past ten years, based on data from the FINBIN website, Minnesota FBM has contributed over **95%** of all farms in the Minnesota State Database, and over **65%** of all farms in the National Database.

Another method to demonstrate the impact of the FBM Database is to review the uses made of the data. Each of the 2,500 students in the FBM program receives a copy of an area report. In addition, 2,000 copies of the report are made available to stakeholders of Minnesota Agriculture and US Agriculture. Students and stakeholders also have access to special reports which include: the Minnesota State Executive Summary, the Minnesota Dairy Sort, and the Minnesota Crop Sort. All of this data is in a static form.

Access to the FBM Database in made available through FINBIN. FINBIN enables anyone with access to the internet, the ability to query the data and prepare specialized reports which meet their individual or business need. The number of reports run from the FINBIN website over the previous 10-year period is listed below.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Reports run from FINBIN	13,393	18,649	19,725	26,777	25,217	26,574	28,504	31,829	32,298	33,074

The number of report prepared from the FINBIN site has increased steadily over the past ten years. The need and value cannot be overstated by the table above. In 2014, over 90 reports were prepared every day of the year. In 2014, 3.8 reports were prepared every hour of every day of the year.

On average, an agricultural stakeholder is accessing the state and national farm financial database every 15-20 minutes of every day, throughout the year. Of the national database, over 65% of the data comes from the Minnesota FBM program students. Of the state database, over 95% of the data comes from the Minnesota FBM program students. The value of the MN FBM database in the past ten years has climbed significantly, and is accessed about 15 minutes of everyday at the current time.

Features & Uses

Here is a listing of several features and uses of the state FBM database:

1: The data included in the database consists of comprehensive whole farm financials and balance sheet data, complete crop and livestock enterprise data, and personal financial information for a given business in a given calendar year. Having this much information from all contributors to a given database is unique, and extremely valuable.

2: Historically, this all-inclusive dataset is based on records from over 2000 active farm businesses in the state of Minnesota. The size of this database is well beyond virtually all other farm financial management datasets in the industry.

3: An extremely unique element of the state FBM database is the process used to collect the data. There is no survey, no fillable online form to gather the data, nor is there a phone conversation to gather general information. The data is collected using best practices in collecting data and is based on common guidelines to ensure consistency of the information. A coordinated effort has been developed to ensure that the data is accurate and the best quality available.

4: On an annual basis this database, or part of this database, becomes a newly "revised version" textbook for instruction in the Minnesota FBM program. The student-farmers in the FBM program pay a fee to have their data included in the state database and in return, they receive a current version of a textbook in the form of a new report(s) summarizing the state database. This textbook is not only current, but consists of focused information that targets the decision making needs of farm business owners and managers…in a real-world setting.

5: These annual reports are also provided to stakeholders, generally at no cost, for their use in working with FBM program students and the Minnesota Agriculture community in general. This material is now also a reference manual for use in the industry; which may include: other farmers, lenders, ag businesses, government agencies, commodity organizations, farm organizations, and consultants. In some cases the value goes beyond the traditional industry for other uses (i.e. lawyers, estate planners, insurance industry professionals).

6: As a textbook, the annual report has been the basis for curriculum development throughout the life of the Farm Business Management program.

7: Because for in-depth nature of the state FBM database and the power of the software which manages the data within the database, there is great opportunity for research. The uniqueness of the database provides information that, for the most part, cannot be found anywhere else.

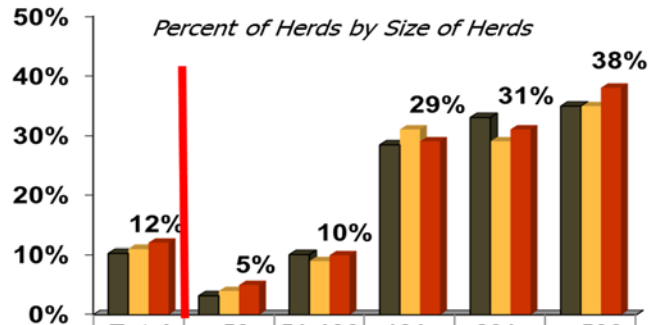
8: The state FBM database is provided voluntarily by students enrolled in the Farm Business Management program. They are willing to provide their farm and personal records to support the "greater good" of Minnesota and American Agriculture. The individual students gain from the database because they can make comparisons for decision making purposes; but the State of Minnesota gains much more as the information is shared across the industry.

The FBM Database in Relation to Minnesota Agriculture

The best method for determining the number and size of all farms in the state of Minnesota is the USDA Census of Agriculture. The most recent Census data was reported for 2012. That information indicates that there are 74,542 farms (generating some income from farming). Of the 74,542 farms in the state, the total number of farms generating less than $100,000 of gross revenue totaled 49,551.

Production agriculture in current times requires large revenue levels in order to generate a livable or a part time income. The vast majority of the students enrolled in FBM generate over $100,000 in gross revenue. The total number of farms in Minnesota generating that level of revenue totals 24,991. Based on the current estimate of enrollment in FBM of about 2500 farmers; the FBM program is working with about 10% of what could be classified as the "commercial farms" in Minnesota.

As a further example of which farms Minnesota FBM instructors work, it can be noted that the FBM program enrolled about 12% of the Dairy farms in Minnesota in 2014. This is based on data shared by the Minnesota Department of Agriculture. The interesting perspective of this number is the fact that the percentage of farms worked with varies by size of operation. This is noted in the following chart, consisting of 3 years of data.



	Total	<50 cows	51-100 cows	101-200 cows	201-500 cows	> 500 cows
2012	10%	3%	10%	28%	33%	35%
2013	11%	4%	9%	31%	29%	35%
2013	12%	5%	10%	29%	31%	38%

Of the 12% of dairy farms in the FBM database in 2014, a small percentage of the farmers have less than 50 cows or between 50 and 100 cows in the herd. Those percentages are 5% and 10% respectively.

For dairy herds in the state with over 100 cows in the herd, the farms in the FBM database accounted for about 30% of all farms in the state. There are fewer farms with over 100 cows than herds with under 100 cows. For herds over 100 cows, FBM instructors work with 3 of every 10 dairy farms in the state.

Summary

The value of the Minnesota FBM database to stakeholders in agriculture cannot be overstated. Producers (FBM students) value a consistent and quality dataset as a base for their educational program and for guidance in decision making in the turbulent agricultural economy. Agricultural lenders and the greater agricultural industry value the FBM database in support their efforts with new, early career, and experienced producers. Government entities value the same for use in policy development and education to the greater population.

8 MnSCU colleges support an FBM program that develops this unique product and uses it as a curriculum base to educate active farmer students in one of the most dynamic industries in Minnesota. Those same colleges, along with FBM students, support a product that constitutes the vast majority of all available benchmarking data, helping guide Minnesota and US Agriculture stakeholders.

The value of the FBM database far exceeds the “fair return…for something exchanged”, as stated in the Merriam/Webster Dictionary.

Statements of support of the Minnesota FBM Database

Selected statements from students and key stakeholders are attached in support of this paper. Individuals actively participating in the industry, using a given product, are generally the best source of guidance on that product. The following statements provide a look into the value of a quality FBM database in Minnesota and nationally.

This document was prepared by DelRay Lecy, with input from selected Farm Business Management professionals from across the state.

Prepared June, 2015