



NUTS & BOLTS

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'06 NFRBMEA-NAFBAS Conference a Success

The first joint conference of NFRBMEA and NAFBAS was held in Omaha, Nebraska on June 5 – 8, 2006. This was a milestone in the history of each organization. NFRBMEA and NAFBAS have conducted their own independent conference for decades, but recently entered a three-year agreement to conduct joint conferences.



A magician entertains at the opening night NFRBMEA-NAFBAS mixer in Omaha, Nebraska

The Omaha conference was expertly planned and conducted by NAFBAS with the help of NFRBMEA planners. Evaluations completed by conference attendees showed that almost everyone thought that the conference was at least as good as it has been in the past and some thought it was even better. That emphasized that the decision to work together was a good one.

As each organization conducted its own business and committee meetings, we shared the benefits of top-notch speakers. Dr. Michael Swanson, ag economist with Wells Fargo, told our combined group how he recommends that producers, "Work the Best – Forget the Rest." He explained how it makes little sense to farm less than the best ground and certainly how financially foolish it may be to pay top rent or land price for it.

We profited by our own members as James Huschka (KS), Ron Van Nurden (MN), Steve Verhasselt (WI), George Moriarty (IA), Jim Cullison (IL) and Calvin Pietz (SD) each presented their analysis of six different farm business analysis programs. The side by side comparisons brought out a lot of interesting questions about how farm management instructors think alike and how we think differently. These six sessions were all summarized by Dr. Mike Duffy from Iowa State University.

Iowa State University professor of law, Roger McE-owen, explained some proposed changes to the federal estate tax law and several other issues. Douglas Hedley, Canadian Trade Representative, was our luncheon speaker who told of the Canadian's experience with whole farm programming. S. Elwynn Taylor, professor of meteorology at Iowa State University, spoke on "Management of Crop Weather Risk". He spelled out a practical marketing plan based on his experience and study.

We enjoyed an afternoon tour at the Claas Combine assembly plant and the unique Oxbow Pet Company that produces and packages pet foods and other pet products. The tours showed us the broad range of agricultural pursuits in and around Omaha. The day ended with a visit to the magnificent Omaha Zoo where we had dinner next door to the residents.

All in all, it was a great conference and a great start to our commitment to work together on future conferences.



A message from Jay Olson, NFRBMEA President

Fall has always been my favorite time of year. The leaves are changing color, the nights are cool, the days are crisp, the geese are beginning to fly south for the winter, and harvest is coming to a close. This is also the time of year when farmers normally evaluate how the year has gone and begin to plan for next year.

In NFRBMEA terms, we are not much different. We can take this time to reflect on the many good things that have been accomplished and consider times to come.



This past year we held our first joint conference with NAFBAS in Omaha. This has not only been a very enjoyable but educational experience. We have met many new people and have been exposed to many new concepts and ideas. The cooperation of our two organizations has allowed us to access a new group of people in some new areas of the country. This cooperative effort has forced us to step out of our comfort zone at times, but has allowed us the opportunity to grow as individuals and as a national organization. I personally look forward to this continued relationship over the next few years.

NFRBMEA has been continuing to pursue a National Institute for instructor in-service education. With the assistance of Dr. Clark Hanson, a grant to facilitate this activity is being pursued. This activity should be of great benefit to our members and ultimately to the farmers enrolled in our programs.

Our web site is in the process of getting a new appearance. This updated web site will better allow us to communicate with our members including the new Resource Library.

Our Industry Relations Committee is in the process of compiling a group of contacts and sponsors to assist us with meeting the goals of our organization.

Just as our farmers are doing, we are also planning for years to come. Our fall board meeting was held September 28 and 29 in Rochester, Minnesota to review progress on the planning for the 2007 conference to be held in Rochester and the 2008 conference in Fresno, California. Groups from the Wisconsin NAFBAS and the North Central Association of Extension Economists were also in Rochester and held a joint planning meeting with NFRBMEA as well as the review of facilities and conference agenda.

The 2007 conference in Rochester will also be a new experience for our organization. We are collaborating not only with NAFBAS, but will also be holding this conference with the North Central Association of Extension Economists. This conference will be one of the largest gatherings of Farm Management professionals ever to be held in the United States. There should be activities at this conference of interest to everyone. As many as 50 break-out sessions are planned as well as some unique recreational activities will make this a fun as well as educational activity. Put the dates of June 11th to June 14th on your calendar.

The 2008 conference in Fresno, California will also be a new experience. Planning for this conference is well under way and will offer an exposure to some new types of agriculture than we traditionally work with as well as some enjoyable recreational activities.

These activities and ventures would not be possible without the dedicated efforts of a group of great people and the support of a great organization. I would like to again thank each and every one of these people for taking time out of their busy schedules to make these activities happen.

*Have a Good Year,
Jay*

National Council for Agricultural Education Report

By Richard Baumann, FBM instructor, SCTC, New Ulm, Minnesota
NFRBMEA Representative to the National Council

(Editor's note: Please visit our web site at www.nfrbmea.org for Rich's full report.)



The Council held its fall meeting Oct. 5 - 7 in the Twin Cities. This meeting was held in Minnesota to help make members of the Council more aware of farm and ranch business management education.

Al Brudellie, one of Minnesota's five deans of management education, gave a presentation to the group. The Council traveled to Cedar Summit Farm at New Prague. The owners, Dave and Florence Minar, are farm business management students of NFRBMEA past-president Ira Beckman, who participated in the afternoon's events. Several other FBM instructors who are past members of The Council also took part. We had at least one FBM instructor in each van to answer questions and lead discussion as we drove. Council members seemed very interested and made many positive comments.

The Council met on Thursday afternoon at the University of Minnesota and had dinner and an evening session at the Minnesota TEAM AG-ED Leadership Center on the Minnesota State Fair grounds. On Saturday, the sessions were held at the

Agricultural Food & Sciences Academy (AFSA) building in Vadnais Heights near St. Paul. AFSA is a public charter high school, open to any student who wants to attend, with an emphasis on agriculture and the sciences. AFSA currently has about 220 students in grades 9 - 12 from all over the Twin Cities metro area.

I believe nearly everyone in the group left the Council meeting with a better idea of what farm and ranch business management education is and how we fit as a part of Team Ag-Ed.



Will You be Our Next Council Rep?

Rich Baumann has served two years of his three year term as NFRBMEA's representative to the National Ag Ed Council. We would like any NFRBMEA member to consider applying for the position. Contact President Jay Olson if you are interested. If you would like more information about the position and what it involves you can contact Rich Baumann for details.



Happy Thanksgiving

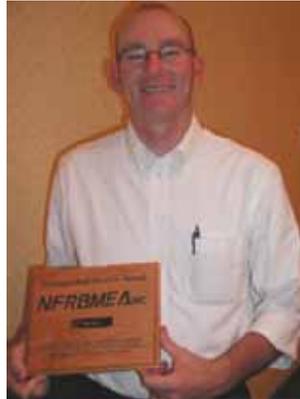


The NFRBMEA newsletter, "NUTS & BOLTS" and our web site at www.nfrbmea.org are sponsored, in part, by a grant from the Cenex Harvest States Foundation.

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2006 Distinguished Service Award Recipients

Congratulations to NAFBAS member and executive director, Bob Rhea, who was awarded NFRBMEA’s Distinguished Service Award,—Friend.



Bob has been instrumental in forming the partnership between NAFBAS and NFRBMEA in our joint efforts on annual conferences.

Congratulations also to NFRBMEA Past President, Ron Dvergsten. Ron was awarded his Distinguished Service Award in Omaha after completing three years on the Board. Ron led NFRBMEA into our first joint conference before turning over the reins.



Ron was also responsible for attaining a grant from Cenex Harvest States to help fund our web site and newsletter.

2006 Storytelling Report



One of the most popular events of our annual conferences is the Storytelling Breakfast. At the suggestion of our perennial storytelling host, Pat Harrington, the NFRBMEA Board has officially named our storytelling breakfast the “Denny Jackson Storytelling Breakfast.” Denny Jackson passed away in 2005. He was an NFRBMEA president and the father of our storytelling breakfast.

As a tribute to Denny, we hereby list the topics and purveyors of this year’s stories.

- Becky Holtquist and Vangie Olson teamed up to tell about the sad minister.
- Ron Dvergsten recounted how he and his brothers

- learned not to cuss over Cheerios.
- Ira Beckman discussed hog rations for the three little pigs.
- George Moriarity knew a guy named Kowalski who could not swim.
- Diane Woodford related how a shot of scotch with two drops of water benefits the aged.
- Ron VanNurden taught us about Alaskan cows that hibernate.



- Tom Thaden had an ag economics lesson when he told us about how not to sell mules.
- Gary Thome closed with a story about what some might think about heaven.

MEMBERSHIP UPDATE

Time for that annual membership checkup and check. Current membership stands at 117 active members, 13 affiliate members and Dr. Persons, our honorary lifetime member.

Check with your colleagues and encourage their membership as well. -WP

Can you fill in the punch lines? Can you fill in the rest of the stories? The fun is in the telling.

National Institute Progress

Your NFRBMEA Board has been working with Dr. Clark Hanson, retired ag ed professor from South Dakota State University, on our National Institute.



Dr. Clark Hanson

NFRBMEA has retained Dr. Hanson to continue pressing on with the work of determining what a NFRBMEA sponsored professional development course of study would look like and how it would be funded.

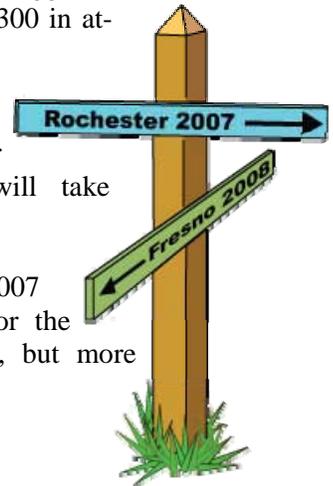
Dr. Hanson is working on writing grant proposals and finding possible grantors. It is a big project. It has already taken a lot of time. The purpose of the Institute is to help attract new teachers to our profession and to help train and retain current instructors.

Rochester 2007

Our annual conference is scheduled for June 11–14, 2007 in Rochester, Minnesota. The theme of the conference is “2007 National Farm Management Conference: Professionals Influencing Today’s Agriculture”. Your conference planners are already looking forward to a big event. We are again uniting with our NAFBAS friends plus the North Central Association of Extension Economists. This will be our biggest conference ever as we are expecting well over 300 in attendance.

We urge you to watch your e-mail about details for registration. Registration will take place entirely on the web.

By the way, Rochester 2007 will be a launching pad for the California 2008 conference, but more about California later.



Dairy Wage Survey

(From Tom Weygandt's weekly emails to his clients)

Dr. Gregory Billikopf at the University of California has completed a dairy wage survey. You can read the report at: www.dairyherd.com/dairyalert/Dairy2006Wage.pdf. The report shows that the average wage paid milkers in the Midwest (44 farms reporting) at \$9.14.



Dr. Billikopf also makes a huge amount of agricultural labor information available for free. You can visit his website at: www.cnr.berkeley.edu/ucce50/ag-labor/.

The dairy incentive pay link is of particular interest. He also has substantial information on managing Spanish speaking employees successfully. This site is well worth a look.

Web Notes

By Deb Pike, NFRBMEA Webmaster

If you've visited our website within the last month, you've probably noticed that it has a new look. Over the summer and early fall I have been reorganizing some of the pages, so you'll notice a few new menu links. This is a work in progress. I am also in the process of adding to some of the pages short “testimonial” comments from our board. I'd like some from you, too. Please tell me, in 30 words or less, what you like about being an NFRBMEA member. You may send them via postal or email; my contact information is listed on the back.

Our Resource Library debuted at the conference in June, and there are some teaching tools in it. Now all we need are *your* handouts, spreadsheets, Powerpoint presentations, articles, columns, drawings, paintings or whatever you find useful. (Sculptures may be difficult for us to handle.) We can use almost any item that can be converted to an electronic format. Visit www.nfrbmea.org/reslib/resource_library.htm for information on submitting items.

Managing Cash Flow

(From Tom Weygandt's weekly emails to his clients)

Many producers have experienced much lower returns and much higher prices in the past several months. Cash flows have been hurt. Now is the time to manage cash flow rather than just observe it. Those producers who have several years of good data to compare to this year's should be able to come up with an accurate estimate of where their business is headed. Some commentators say that a farm business should be able to forecast cash flow with 95% accuracy. The bottom line is that producers need to seek solutions to their cash flow crunches sooner rather than later to avoid big problems down the road.

When analyzing a farm business experiencing cash flow problems it is often helpful to go through a several step process. A multi-year history compared with year to date data gives a starting point for such an analysis.

First, look at sales. How can gross revenue be increased? Are there adjustments to management that will provide increases? How about a marketing plan?

Next, look at operating expenses. These are the production expenses controlled by the manager. Usually the largest expenses are for labor, feed, repairs, and supplies. The manager needs to identify and justify each expense.

Is there a plan for capital investments? Write down a short and long-term plan for new equipment. This will help avoid "spur of the moment" buys.

Family living is often the first expense paid out of revenue and is very nearly a fixed expense. In other words, groceries and the satellite dish have priority over the feed bill. After identifying that number the producer decides if it is enough or too much.

After going through an examination of the previous steps, we might consider the refinance of debt from short to long-term. It is unwise to do so without careful consideration. Even if producers are not experiencing cash flow shortages, a yearly look at these areas is essential to the health of any business.

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2006 Fall Board Meeting

Your NFRBMEA Board of Directors meets face to face at least twice each year and at least once in a telephone conference meeting.

This year's fall Board meeting was in Rochester on September 28 and 29. You can read secretary Rick Morgan's entire meeting minutes on our web site. This Board meeting was a joint meeting with the Boards of NAFBAS and the North Central Extension Economists. The Boards met at the Kahler Hotel in Rochester.

Highlights of the NFRBMEA Board meeting:

1. Officer and committee reports were presented and approved.
2. Jim Kelm reported that the 2006 conference in Omaha broke even financially. He summarized the conference evaluations.
3. All three Boards met for a joint lunch.
4. Dr. Clark Hanson reviewed progress on the National Institute grant proposal. The total amount for the grant we are seeking may be close to \$300,000 to get the Institute up and running.
5. Rich Baumann reported on the National Ag Ed Council.
6. The Board adopted a refund policy for the summer conference.
7. The Board passed a motion refusing the sale or gifting of our mailing list to anyone outside of our organization for anything other than organization business.
8. The joint Boards heard a presentation from Steve VanNurden of the Mayo Clinic's Marketing department.
9. The Board worked with the 2007 and 2008 conference planners. This included a conference call with Pat Harrington, the NFRBMEA 2008 conference planning committee member.
10. The Board officially named our storytelling breakfast the "Denny Jackson Storytelling Breakfast" in honor of the late Denny Jackson, originator of the event.
11. The Board listened to a presentation by Agrow-Knowledge who is a potential cooperator for the 2008 conference in Fresno.



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A Farm Management Minute: Some Thoughts on Commodity Marketing

Betsy Jensen, Farm Management Instructor, Northland Community College

On the right day, I love commodity marketing, mostly because it is always changing. Just when you think you have the market figured out, Mother Nature comes through with a big rain, or a foreign country imports a huge amount of the product. Prices do not always move in the direction you expect and it keeps me on my toes.

Another great attribute about commodity marketing is its ability to make you feel like a genius one day, and an idiot the next. If you catch me on the right day, I'll be smiling ear to ear. If you run into me in another week or two, I might resemble the Grinch. The only guarantee in commodity marketing is that the market will move, and you can feel smart and stupid all within the same week.

So how can you measure if you're doing a good job of commodity marketing? The only advice I can offer is to refer back to the projected cash flow completed each spring. If you can make corn cash flow at \$2.10, and you sell your crop for \$2.35, you've done a good job. You can't compare yourself against the market highs, or market lows, or even what your neighbor claims to be doing. You have to compare yourself against yourself.

A great number to keep in the back of your head is a monthly average cash price. If you sell your crop for an average of \$2.35, and the average price for the year is only \$2.15, you beat the average, and that is a success.

Knowing your cost of production is great, but unfortunately, there are years when commodity prices never reach your cost of production, and all you can try to do is minimize the losses. If you can reach your cost of production, that's great. You'll never go broke making money. I also recommend not getting hung up on one sale you made, whether it currently looks good or bad. You may look smart on 5000 bushels of corn, but not if ninety percent of your crop is unpriced. When determining the success of your marketing plan, consider the entire crop. You may have \$2.50 corn for a few bushels, but the rest was sold at \$1.80. I don't mean to burst your bubble, but that's not a very good average. One sale will not make or break your marketing plan. In commodity marketing, you have to take the good with the bad, and you are guaranteed to see both. Stick with a marketing plan, hold your ground, and hopefully you can enjoy the profits.

The diagram illustrates a four-step process for farm financial management. It starts with **FINPACK**, represented by icons of a tractor, a dollar sign, a cow, and a field. A red arrow points to **RankΣm**, which features a large Greek sigma symbol. Another red arrow points to **FINBIN**, shown with icons of a cow, a field, and a barn. Below this flow, the text reads: **COMPREHENSIVE FARM FINANCIAL INFORMATION SYSTEM**. Underneath, four steps are listed, connected by downward-pointing red arrows: **FINPACK • INDIVIDUAL FARM FINANCIAL ANALYSIS**, **RANKEM • BENCHMARK INDIVIDUAL VS GROUP**, **RANKEM CENTRAL • GROUP SUMMARY REPORTS**, and **FINBIN • DYNAMIC WEB-BASED FINANCIAL REPORTS**. At the bottom, the **CENTER FOR FARM FINANCIAL MANAGEMENT** is identified, along with the phone number **PHONE (612) 625-1964 OR TOLL-FREE (800) 234-1111** and the website **WWW.CFFM.UMN.EDU**.

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Visit us at www.nfrbmea.org

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