

Syllabus – AGEC 4403 Advanced Farm Business Management

(12:55 to 1:45 am on Monday, Wednesday and Friday in HOEC 217)

Instructor Information:

Professor: Dr. Michael Popp
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Office: 227 Agriculture Building
Office hours: I have an open door policy except before class time. It's a good idea to set up an appointment after class, via phone or e-mail if you want to make sure I am there.

Course Objectives and Philosophy:

This course is designed to: (1) familiarize students with selected quantitative tools and procedures for analysis and decision-making in farm and ranch business management; and (2) demonstrate their application to enterprise as well as a total systems approach to farm/ranch business planning problems. Major emphasis will be directed at using computerized software applications to model farm business management decisions. Basic life cycle assessment techniques will also be taught. Additional emphasis will be given to decision-making under imperfect knowledge including alternative approaches for analyzing decisions under conditions of risk and uncertainty as well as different risk management strategies. Specific goals include:

- a) learn principles for making farm management decisions using modern decision making methods and tools.
- b) illustrate elements of successful strategic planning, implementation and control. A key component of this is the evaluation of various enterprises through allocation of costs via sound record keeping and analysis principles.
- c) learn how to present a business plan for a business venture that you are planning to implement on your own or a case farm/ranch. This includes knowledge of complete financial statements.

Interactive learning and participation are strongly encouraged to promote a positive learning environment. Communication among students and the instructor is strongly recommended.

Prerequisite:

AGEC 3403 Farm Business Management.

Recommended Textbooks:

Olson, K.D. 2011. *Economics of Farm Management in a Global Setting*. John Wiley. Hoboken, NJ.
(OK)

or

Kay, R.D., W. M. Edwards and P. Duffy. 2012. *Farm Management*. Seventh Edition or newer.
McGraw-Hill Book Company, 2012. (KED)

and/or

Boehlje, M. And V. Eidman. *Farm Management*. John Wiley, 1984. (Comment: This book is out of print but is available)

The first and second texts (OK and KED) are good reference textbooks for your professional library as a farm manager. The third text (BE) is more of a graduate level text book. Readings from various texts and journal articles will be available electronically via Blackboard and some of these books will also be available for check out at the reserve desk at the library.

Grading:

Written homework assignments	25%
Term Project	25%
Term Exams (2)	30%
Final Exam	20%

Exam dates will be set at least one week in advance. Note the date on the final exam below. There will be no make up exams... so if you have a legitimate conflict, make arrangements in advance. Note that departmental solar powered calculators will be provided for exams and that cell phones will not be allowed during exams. Cell phones will also need to be muted and not used during class time. Late written assignments will not be accepted and will result in a zero grade so that timely turnaround and feedback on assignments can occur. Participation in class is encouraged as students and teachers can learn from each other. Some assignments will be performed on a group level. All assignments should be typed and prepared professionally as if the student (student group) were a consultant to an agricultural enterprise. All students should check their uark e-mail account as I use this medium to pass on information from time to time.

Grades will be rounded to the nearest percent using conventional methods and will be assigned as:

A: > 90%	C: 73 - 75 %
A ⁻ : 88 - 89 %	C ⁻ : 70 - 72 %
B ⁺ : 85 - 87 %	D ⁺ : 67 - 69 %
B: 82 - 84 %	D: 64 - 66 %
B ⁻ : 79 - 81 %	D ⁻ : 60 - 63 %
C ⁺ : 76 - 78%	F: < 60 %

Dean's Note on Academic Dishonesty Policy:

"As a core part of its mission, the University of Arkansas provides students with the opportunity to further their educational goals through programs of study and research in an environment that promotes freedom of inquiry and academic responsibility. Accomplishing this mission is only possible when intellectual honesty and individual integrity prevail. Each University of Arkansas student is required to be familiar with and abide by the University's 'Academic Integrity Policy' which may be found at <http://provost.uark.edu/>. Students with questions about how these policies apply to a particular course or assignment should immediately contact their instructor."

Do not cheat. If you have to cheat to get an acceptable grade in this class you will be miserable in the profession because that is a clear indication that your talents and motivation are way below the norm. If you are caught cheating, campus procedures will be followed to exact the appropriate punishment.

Disclaimer: The instructor reserves the right to alter the contents, requirements and/or scheduling of this course as he sees fit.

Miscellaneous: *No tobacco products in class. Turn off cell phones prior to class and stow away.* Should you need to leave class early... let me know ahead of time. If you want to request reasonable accommodations for this class due to a disability and I have been contacted by the Center for Educational

Access (CEA), please set up an appointment with me within the first two weeks of class. Final note. If the random attendance quiz points are not enough incentive to be on time, coming to class on time is a courtesy not only to the professor but also to your fellow students. **Arrive on time!**

Inclement Weather:

We will follow the University Inclement Weather policy for this class. Since this class meets at 12:55 it is unlikely that there will be any inclement weather problems. I reserve the right to e-mail everyone by 9 am the morning of lectures to cancel lecture if needed.

Term Project Time-line:

Mission, Objectives, Goals & Evaluation of Beginning Financial Statements	3 rd week in September
Description of Change to Farm Plan & Financial Statement Projections	Mid October
Final version of Business Plan Presentation	Before Thanksgiving After Thanksgiving

More information will be provided throughout the semester. Quickbooks software is available on computers in the B108 lab and can be used as needed but access may be limited as that lab gets pretty busy. Please cite all your references in your term paper/project. A presentation or seminar with question and answer period will be required near the end of the course.

The following page contains a rough outline of course topics. Topics will likely be pursued in the order presented but the instructor reserves the right to change topics.

Topic Outline

Topics will be pursued in the order presented below but the instructor reserves the right to change topics.

Topic

Introduction

Strategic Planning

Review of interrelationship between financial statements and cash flow projections

- Cash vs. accrual accounting

- Advantages and disadvantages of different depreciation methods

- Use and interpretation of financial ratios

- Introduction to required business plan

- Importance of budgeting (how does it fit into planning, importance of doing actual vs. budgeted comparison, allocating costs to various enterprises)

- Quickbooks, MSBG and other software packages

- Basic Lifecycle Assessment

First Exam (late September to 1st week of October)

Optimal Capital Structure and Financial Leverage

- Impact of fixed vs. variable cost

- Implications for growth

- Costs and benefits associated with leverage

Linear Programming

Risk Management

Portfolio theory with application to crop rotations and/or other enterprise selection
Stochastic Dominance
Other considerations

Second Exam (1st week of November)

Ownership Transfer

Wills, Trusts, etc.

Note that the instructor reserves the right to make changes to this outline. Reading assignments will be provided as the course proceeds.

Final (December 16 – 10:15 am to 12:15 pm)

Students are expected to read material *before* class. Class notes with reading assignments will be distributed via Blackboard prior to class.

Emergency Procedures:

Many types of emergencies can occur on campus; instructions for specific emergencies such as severe weather, active shooter, or fire can be found at emergency.uark.edu.

Severe Weather (Tornado Warning):

- Follow the directions of the instructor or emergency personnel
- Seek shelter in the basement or interior room or hallway on the lowest floor, putting as many walls as possible between you and the outside
- If you are in a multi-story building, and you cannot get to the lowest floor, pick a hallway in the center of the building
- Stay in the center of the room, away from exterior walls, windows, and doors

Violence / Active Shooter (CADD):

- CALL- 9-1-1
- AVOID- If possible, self-evacuate to a safe area outside the building. Follow directions of police officers.
- DENY- Barricade the door with desk, chairs, bookcases or any items. Move to a place inside the room where you are not visible. Turn off the lights and remain quiet. Remain there until told by police it's safe.
- DEFEND- Use chairs, desks, cell phones or whatever is immediately available to distract and/or defend yourself and others from attack.

