

Syllabus – AGEC 4403/5053 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: 223 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 appropriate 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 and ACCT 2013 or AGEC 2142/1L. Senior standing recommended.

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 in Mullins library & via Blackboard). (BE)

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.

Grading:

Written homework assignments	20%
Term Project	30%
Unannounced quizzes	10%
Term Exam	20%
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. If you have a legitimate conflict, make arrangements in advance or you will receive a zero. Note that departmental solar powered calculators will be provided for exams and that cell phones will not be allowed during exams. Cell phones need to be muted and stored during class. Late written assignments will not be accepted and will result in a zero. I want to provide timely feedback. Also homework and project answers that are too similar across groups/individuals will receive a zero. Participation in class is encouraged as students and teachers 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 unless otherwise indicated. All students should check their uark e-mail account. I send information using that mode from time to time. Graduate students will be held to a more rigorous standard and have extra work to do on assignments.

Peer evaluations on group grades will be performed. Each student rates their own and their group members' productivity. For example group members A, B, and C each get to be incentive pay managers. Assign a 0 for a group member that did no work at all, a 5 for a group member that did an average work load and a 10 for a group member that basically did all the work. With an overall group grade of 85% the group member's grades would be calculated as follows:

Member Name	----- Grades from-----			Avg. Grade	Grade	Member
	<u>A</u>	<u>B</u>	<u>C</u>	<u>For Member</u>	<u>Factor</u>	<u>Grade</u>
A	8	5	8	7	7/5	119
B	2	5	2	3	3/5	51
C	<u>5</u>	<u>5</u>	<u>5</u>	5	5/5	<u>85</u>
Overall Avg		5				85

Each group member e-mails rankings for him/herself and the rest of the group to me. Therefore, only I and the group member have access to the rankings. If you don't e-mail I assume average performance. Equal rankings by all individuals with equal sharing of the work load will lead to the same grades for every student in the group. I reserve the right to weight grade factors if the grade distribution gets out of hand.

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

A:	> 90%	D:	60 - 69 %
B:	80 - 89 %	F:	< 60 %
C:	70 - 79 %		

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 please let me know ahead of time as a professional courtesy. 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. Coming to class on time is a courtesy not only to the professor but also to your fellow students. **Arrive on time!** Quizzes will be administered at the start of class. If you show up late, you will not get the chance to take the quiz and will receive a zero that day. There will be opportunities on quizzes to earn above 100% so that missing one quiz day will not put you at a disadvantage.

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	Mid September
Evaluation of Beginning Financial Statements	Early to Middle of October
Cashflow Statements for Each Enterprise	End of October
Final version of Business Plan	Before Thanksgiving
Presentation	After Thanksgiving

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.

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

Importance of budgeting (how does it fit into planning, importance of doing actual vs. budgeted comparison, allocating costs to various enterprises)
MSBG and other software packages
Basic Lifecycle Assessment

First Exam (likely 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

Ownership Transfer
Wills, Trusts, etc.

Group presentations (After Thanksgiving)

Final (December 16 – 12:45 pm to 2:45 pm)

Students are expected to read material *before* class. Class notes with reading assignments will be available 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.

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STUDENT INFORMATION SHEET

(please circle appropriate choice)

Name: _____

Phone: _____

Major: _____

E-mail: _____

Is this course a requirement or an elective for you? Required Elective

Do you have a farm or business background? Farm Business Other

What type of operation?

What is your math, economics and agriculture background that you received during your schooling prior to this class (indicate credit hours taken)?

Math and Statistics: Statistics _____ credit hours
 Math _____ credit hours

Agriculture: Animal Science _____ credit hours
 Plant Science _____ credit hours
 Entomology _____ credit hours
 Soil Science _____ credit hours

Other _____

Economics & Business: Microeconomics _____ credit hours
 Macroeconomics _____ credit hours
 Finance _____ credit hours
 Accounting _____ credit hours

Other _____

On the back of this sheet, please indicate briefly why you are interested in this class.