ASSESSMENT TOOLS FOR IMPROVING FARMER FINANCIAL SKILLS

November 21, 2013
Presentation Outline

- Technical Orientation
- Welcome / Introduction
  Jeff Farbman
  *Wallace Center at Winrock International*
  - Assessing Financial Training
  - Annie's Project
  - Budgeting for Grassfed Success
  - Questions and Answers
  - Upcoming Opportunities, etc.
WALLACE CENTER at WINROCK INTERNATIONAL

• Market based solutions to a 21st Century food system
• Work with multiple sectors – business, philanthropy, government
• Healthy, Green, Affordable, Fair Food
• Scaling up Good Food
NATIONAL GOOD FOOD NETWORK: VISION
NATIONAL GOOD FOOD NETWORK: GOALS

Supply Meets Demand
• There is abundant good food (healthy, green, fair and affordable) to meet demands at the regional level.

Information Hub
• The National Good Food Network (NGFN) is the go to place for regional food systems stories, methods and outcomes.

Policy Change
• Policy makers are informed by the results and outcomes of the NGFN and have enacted laws or regulation which further the Network goals.

http://ngfn.org | contact@ngfn.org
Community of Practice

Networking
Conferences
Webinars
Peer to Peer

Study Hubs
Regional Networks

Technical Assistance
Strengthen Food Hubs

Research
New Info
New Audiences
Presentation Outline

- Technical Orientation
- Welcome / Introduction
- Assessing Financial Training
  
  **Gary Matteson**  
  *Farm Credit Council*

- Annie's Project
- Budgeting for Grassfed Success
- Questions and Answers
- Upcoming Opportunities, etc.
where to start

setting expectations for operating a farm business
set farm business record-keeping expectations

- Record keeping is required (for taxes)
- Ultimate goal is to manage from records
- Need up-to-date and accurate records
- Create budget with expectations and measurable results
set farm business planning expectations

- Define success, plan to be happy
- Tell farm story in a business plan
- A budget is a plan in numbers
- Plan for contingencies
Key concepts for financial skills education

- Business planning is the core of preparation
- Financial and planning skills are measurable
- Financial and planning skills are transferable
- Financial and planning skills are the basis of informed participation and long term success
EIEIO – Value Proposition

- Evaluating and Improving Educational Instruments & Outreach (EIEIO) for Beginning Farmers
- EIEIO mission
  - Improve the effectiveness of BFR training
  - Limited to financial literacy and business planning
- Trainers Resource Guide
  - Assemble and review best practices, resources and tools in order to strengthen BFR training (http://farmbiztrainer.com/)
Trainers Resource Guide

• Created by EIEIO for BFR Trainers
• Primary focus:
  ○ Business Planning
  ○ Financial Literacy
• Supplemented by the Community of Practice
• Evolving and improving resource
• Website: http://farmbiztrainer.com/
To truly prosper in a thriving, sustainable venture, a farmer needs to plan the enterprise and pay attention to its finances. That's where this guide and you—as a trainer of beginning farmers and ranchers—can help build financial skills necessary for success.

**About the Guide**

The Trainers' Resource Guide was created for those who train beginning farmers and ranchers (BFRs). The typical training program usually has a good foundation in farm production skills, but overlooks financial literacy and business planning skills. This guide will help you add these vital skills to your training program, leading to sustainable success for your trainees' ventures.

The guide is a compliment to a [Community of Practice](#) established with the [project partners](#) to network BFR trainers for sharing experiences and successes, learning from each other, and together strengthening financial and business training.

Financial and business skills are critically important to new farm enterprises and the expected farm management and land ownership transition nationwide that will happen over the next several years in our rural communities. While intended for trainers, the guide may also be of value to entering beginning farmers and ranchers searching for specific educational tools for self-improvement. We also encourage beginning farmers and ranchers to visit the [Start2Farm](#) website, which is geared specifically for them.
This section is the heart of the guide. It's where you can find material for use in beginning farmer and rancher finance skills and business training.

Training is most effective when it meets the needs of the trainee and is taught in an engaging way. The Trainers' Resource Guide will help you do just that. This guide is a curated collection of financial literacy and business planning resources for trainers of beginning farmers and ranchers. The EIEIO project compiled these resources from the Community of Practice and other sources. (Learn more.)

This guide provides a solid starting point for trainers interested in leveraging existing resources for the benefit and success of their BFR trainees. You'll find resources on the following topics:

- How to Train
- Identifying Trainees
- Curricula
- Mentoring
- Evaluation
- Funding for Trainers
- Funding for Trainees
Financial Assessment Survey Tools (FAST)

- **Purpose**
  - Establish baseline knowledge of participants
  - Improve financial skills training
  - Document effectiveness

- **Description**
  - Pre, Post and Follow-Up Surveys
  - Summary of the farmers in your class
  - Post-training analysis is focused on how effective your methods were at reaching audience
Financial Assessment Survey Tools (FAST)

BFRDP Financial Literacy and Business Planning Project Financial Assessment Survey Tools

The EIEIO team has developed this set of customized Financial Assessment Survey Tools (FAST) to use in your financial literacy and business planning training. This guide will walk you through how to use the surveys in your training program. There are three surveys in the set:

- **Pre-survey** to use with your trainees before your training program
- **Post-survey** to use at the end of the training
- **Follow-up survey** to use six months after completion of the training

While we recommend using the electronic versions of the survey (links above), should your training program have participants that cannot access the internet, printable PDFs of the survey are available for your use. Be sure to follow the guide instructions for the printed surveys.

- **Pre survey** printable PDF
- **Post survey** printable PDF
- **Follow-up survey** printable PDF

Category: Evaluation; Mentoring
Level: Beginning, Intermediate, Advanced, General
Target Audience: Ethnic/Minority, Latino, Women
Farm Type: Beef; Commodity Row Crops; Pasture Dairy; Poultry, Swine, Small Livestock; Produce
Format: Tool
Financial Assessment Survey Tools (FAST)

WELCOME TO YOUR BFRDP FINANCIAL LITERACY AND BUSINESS PLANNING PROJECT.

Please help us to better prepare and continue to improve the program by completing this brief FAST - Financial Assessment Survey Tool. Use the navigator buttons at the bottom of the page to move between pages.

Please enter the ID Code printed on your folder in the space below. This field is used for matching pre- and post- responses only.

This field is required.
A. Level of Knowledge

Please indicate your current level of knowledge of the following terms or concepts. It's OK if you do not know about many of these yet. You will have a chance to learn about them throughout the program.

Using the scale below, click to choose the one answer in each row that best describes your knowledge now.

### Financial Knowledge

<table>
<thead>
<tr>
<th></th>
<th>I know little or nothing about this</th>
<th>I know some about this</th>
<th>I know quite a bit about this</th>
<th>I am completely familiar with this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculating costs of production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculating family living expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How my/our family expenses compare to state and national benchmarks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Components of a balance sheet</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How a lender evaluates a borrower</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Where to find information on cash rental rates in my state</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Components of an income statement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring cash flow on an annual and/or production cycle basis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings and retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishing a relationship with a lender</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Importance of record keeping to support decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
USDA Grant

Funding Support

- This project was supported by the Beginning Farmer and Rancher Development Program of the National Institute of Food and Agriculture. USDA, Grant #2011-49400-30630. To find more resources and programs for beginning farmers and ranchers please visit www.Start2Farm.gov, a component of the Beginning Farmer and Rancher Development Program.
Presentation Outline

- Technical Orientation
- Welcome / Introduction
- Assessing Financial Training
- Annie's Project

**Madeline Schultz**
_Iowa State Extension_

- Budgeting for Grassfed Success
- Questions and Answers
- Upcoming Opportunities, etc.
Annie’s Project
Farm Management for Women

Prepared for
National Good Food Network Webinar
Assessment Tools for Improving Farmer Financial Skills
Thursday, November 21
3:30 - 4:45pm ET

By Madeline Schultz
Iowa State University Extension and Outreach
Preview

- What Annie’s Project offers
- Why we are teaching farm management to women
- How our values and principles guide us
- Why we integrate finance into the curricula
- How we assess skills and give/get feedback

Delissa Geisler working on a business plan, Boone, IA 2012
Meeting Needs of Women

• Women seek to improve agricultural risk management skills.
• Women prefer experiential learning:
  – Sharing and discussing with others,
  – Engaging in hands-on activities.
• Women are the heart of the farm:
  – Influencing family decision making,
  – Contributing to overall farm business success.
• Women in agriculture expand rural economies.

Kelly Blair, 2010 Iowa Participant
Local Farm Management Classes

• Curriculum is designed around the five areas of risk management:
  – Financial
  – Human Resources
  – Legal
  – Marketing
  – Production

Small group classes provide 18 hours of instruction taught over 6 weekly sessions.

Sandy Felchle, North Dakota Annie’s Project Participant, 2011
Designed with Experience

• Annie’s Project grew out of the educational and life experiences of program founder, Ruth Hambleton
  – Farm woman
  – University of Illinois Extension Educator
  – Farm Business Management Specialist
Annie’s Project Mission

• To empower farm women to be better business partners through networks and by managing and organizing critical information.

Amy and Lorilee Schultz, sister-in-laws dairy farming with grandparents, 2008 participants.
Annie’s Project Key Principles

• Teach all five areas of agricultural risk:
  – Financial, human resources, legal, marketing, & production
• Invite local women professionals to serve as guest instructors where possible
• Allocate half of class time to discussion and hands-on activities
• Provide un-biased, researched based information
• Create a learning environment where mentoring is spontaneous
Annie’s National Network Initiative for Educational Success (ANNIES) at Iowa State University Extension

Annie’s Project Core Values

• Safe Harbor
  – All questions or situations are welcome for sharing and open discussion.

• Connection
  – To each other and to professionals introduced in class.

• Discovery
  – The moment when something makes sense where before it did not.

• Guided Intelligence
  – Often, there is a woman in the audience who knows more about the subject than the instructor and is willing to share her experience.
Example of Financial Integration

• Week Two Agenda
  – Ag Plan, Business Overview
  – Value Added Agriculture Toolkit
  – Financial Docs; balance sheet, income stmt., cash flow
  – Marketing; methods, positioning, customers, pricing

• Week Three Agenda
  – Ag Plan, Financial Position
  – Value Added/Niche Production Protocols
  – Interpreting Financial Statements, trends, ratios
  – Farmland Leasing
Financial Components in an Annie’s Project Class

- Women and Money
- Financial Documentation
- Interpreting financial documents
- Enterprise analysis
- Farm Leasing
- USDA Farm Service Agency

Mississippi class graduation picture, 2012
Examples of Learning Objectives

- Learn how to classify assets and liabilities on a balance sheet
- Understand how to gauge farm family living costs
- Consider ways to balance family and farm needs
- Identify your most important ratios
- Estimate costs of production
- Learn how to calculate a cash rental rate
- Increase awareness of FSA programs

Minnesota participants working through a balance sheet activity, 2012
Example of Post-Class Survey Results

**Financial Knowledge**

- Calculating costs of production
- Calculating family living expenses
- How my/our family expenses compare to state and national benchmarks
- Components of a balance sheet
- Financial ratios
- How a lender evaluates a borrower
- Where to find information on cash rental rates in my state
In their Own Words

• “I always meant to start a business plan, but never started it. It was good to get it done. In past classes I took, we were strongly encouraged to write one, but never ‘forced’ (said with a laugh.)”

– Nicole Jonas, Red Granite Farm

Graduation for Nicole Jonas with Madeline Schultz, Boone, IA 2012
In their Own Words

• “The financial part of this class was so important for me. We started this business on a whim... didn’t think about it. Just did it. There was no format for a business plan in classes before. It’s nice to have a template now.”
  
  – Lynn Pfantz, Dusty Hill Farm

Lynn with Joy and Julia, Boone, IA 2012
For More Information

• To learn more about Annie’s Project, please see our new videos of past participants on their farms at
http://www.extension.iastate.edu/article/annies-project-four-iowa-women-share-their-stories

• To find out about programs in your state, please click on “Upcoming Classes” or “State Contacts” at http://www.extension.iastate.edu/annie/

• Information for Extension Educators is at http://www.extension.iastate.edu/feci/annie/
Thank you for your interest!

Madeline Schultz
Iowa State University Extension and Outreach
1230 NSRIC Bldg. Ames, IA 50011-3310
515-294-0588
schultz@iastate.edu
Presentation Outline

- Technical Orientation
- Welcome / Introduction
- Assessing Financial Training
- Annie's Project

**Budgeting for Grassfed Success**

**Allen Williams**
*Livestock Management Consultants, LLC*

- Questions and Answers
- Upcoming Opportunities, etc.
Grassfed Beef Cash Flow Worksheet

Allen R. Williams, Ph.D.
What Is It?

A new financial assessment tool developed jointly by the BFRDP EIEIO Team and the Pasture Project at the Wallace Center.
What Does It Contain?

- Real-Life cost estimates for:
  - Cow/Calf
  - Stocker-Finishing
  - Direct Marketing
  - 5-Yr Cash Flow

Estimates reflect Upper Midwest costs.
What Factors are Accounted For in the Tool?

- All production data.
  - Weight of calf, ADG, weaning rate, cull rate, finished weight, Daily DM Intake, etc…,

- Costs of production data.
  - Pasture costs
  - Harvested forage costs
  - Supplement costs
  - Non-feed costs
  - Cost of gain
How Do I Use the Tool?

There are 4 worksheets:

– Cow/Calf
– Finishing – Branded Program Market
– Finishing – Direct Market
– 5-Year Cash Flow

Worksheets are interactive – You can change numbers in cells to reflect your actual costs or performance data/pricing.
How Do I Use the Tool?

- You can change numbers in all non-formula cells.
- When numbers are changed, the entire spreadsheet will recalculate output.
- Accounts for varying types of operations:
  - Cow/Calf
  - Cow/Calf to Finish
  - Feeder to Finish
How Do I Use the Tool?

- Accounts for morbidity and mortality.
- Allows for adjustments in actual costs or performance data.
- Allows for allocation of calves into various marketing channels
  - Weaning
  - Finishing – Branded program
  - Finishing – Direct market
Information Provided

Calculates:

– Cow/Calf COP
– Cost per pound produced
– Total COG
– Acres needed per head produced
– Total Gross revenue
– Net margin per head
– Net return per acre
Information Provided

- Accounts for custom processing, packaging, labeling, transport, cold storage, and sales & marketing costs for Direct Market.
- Provides 5-Yr cash flow that accounts for pre- and post-harvest costs.
SUMMARY

- New Interactive Tool for evaluating various scenarios of grassfed beef production costs and returns.

- Data shows that grassfed beef can be competitive with corn/soybean rotation on net profit/acre.
Questions and Answers

Gary Matteson  
*Farm Credit Council*

maderson@fccouncil.com

Madeline Schultz  
*Iowa State Extension*

schultz@iastate.edu

Allen Williams  
*Livestock Management Consultants, LLC*

allen@truegrassfedbeef.com

Jeff Farbman  
*Wallace Center at Winrock International*

contact@ngfn.org
Presentation Outline

- Technical Orientation
- Welcome / Introduction
- Assessing Financial Training
- Annie's Project
- Budgeting for Grassfed Success
- Questions and Answers

- Upcoming Opportunities, etc.
Webinars are Archived

TOPICS!

http://ngfn.org/webinars
NGFN Webinars

- 3rd Thursday of each month
  3:30p EST (12:30p PST)

- Dec 12 – Food Banks as Regional “Good Food” Partners

http://ngfn.org/webinars
Do This Now


Webinar pricing survey: http://www.tagoras.com/2010/01/05/webinar-pricing-data/
Three Notable Websites

- **www.FoodHub.info**
  - Food Hub “hub”
  - Research, case studies, list and map of hubs across the country, much more.

- **www.FoodshedGuide.org**
  - Case study-based business and financial training
  - Includes a “One Page Business Plan” and a “One Page Financial Plan”

- **www.FarmBizTrainer.com**
  - Resources for farmer trainers in the domain of business and financial literacy

- Draft agenda
- Registration
- Sponsorship
- Workshop proposal form
Get Connected, Stay Connected

http://ngfn.org/database

National Good Food Network Database
Click to learn more

Search for: Wallace Center

YouTube

contact@ngfn.org

@ngfn

WALLACE CENTER
WINROCK INTERNATIONAL