

FARM MANAGEMENT

Purpose

This contest is designed to stimulate instruction of economic and agricultural business management principles in the secondary agriculture curriculum.

Objectives

- I. The ability to apply the economic principles and concepts listed in analyzing the farm business and making farm business management decisions.
 - A. Supply and Demand
 1. Price and Quantity Determination
 2. Elasticity
 3. Substitute, Complementary Products
 - B. Production Functions
 1. Diminishing Returns
 2. Profit Maximizing Point: Benefit-Cost: $MC=MR$
 - C. Opportunity Cost
 - D. Cost Analysis (Fixed Variable)
 - E. Input Combination
 - F. Enterprise Selection
 1. Equi-Marginal Principle
 2. Specialization and Diversification

- II. The ability to analyze and select the most appropriate type of farm business organization for a given farm situation.
 - A. Sole Proprietorship
 - B. Corporation
 - C. Partnership
 - D. Limited Liability Company

- III. To develop the ability to use records and manage resources for optimum returns to resources.
 - A. Analysis of Records
 1. Financial Statements (Balance Sheets)
 - a. Ratios
 - 1). Solvency
 - 2). Liquidity
 - 3). Profitability
 - 4). Enterprise: Labor and Feed Efficiency
 2. Profit and Loss
 3. Cash Flow Analysis
 - a. Summary
 - b. Projections
 - B. Budgeting
 1. Enterprise
 - a. Break-even levels

- b. Feed efficiency
 - c. Labor efficiency
- 2. Partial Budgeting
- 3. Total Farm Budgeting
- C. Marketing
 - 1. Functions
 - 2. Structures
 - 3. Price Determination
 - a. Supply
 - b. Demand
 - c. Comparative Advantages
 - 4. Price Methods
 - a. Cash Markets
 - b. Futures and Options
 - c. Forward Contracting
- D. Market and Purchasing Structure
 - 1. Cooperatives
 - 2. Independents
- E. Basic Tax Management
 - 1. Depreciation
 - 2. Receipts
 - 3. Expenses
 - 4. Assets and Liabilities
- F. Acquiring Capital
 - 1. Credit
 - a. Sources
 - b. Loan Applications
 - c. Interest
 - d. Time-Value of Money
 - 2. Leasing of Real Property
 - 3. Land Acquisition and Ownership
 - 4. Machinery Management
 - 5. Insurance
 - a. Life Insurance
 - b. Property Insurance
- G. Ag Law
 - 1. Estate Planning
 - 2. Firm Structure
 - 3. Taxes
 - 4. Written Agreements

Crosswalk with Show-Me Standards

Objectives – Students participating in the Career Development Event should be able to:		Show-Me Standards	
		Knowledge Standards (Content Areas)	Performance Standards (Goals)
1.	The ability to apply the economic principles and concepts listed in analyzing the farm business and making farm business management decisions.	MA.1, MA.3, MA.4, MA.6	1.4, 1.6, 1.7, 1.8 3.2, 3.3, 3.5, 3.6, 3.8
2.	The ability to analyze and select the most appropriate type of farm business organization for a given farm situation.	SS.4, SS.7	4.4
3.	To develop the ability to use records and manage resources for optimum returns to resources.		

Corresponding Secondary Agriculture Curriculum			
Course and/or Curriculum:	FCS Curriculum	Unit(s):	All Units

Event Format

The Farm Business Management CDE will consist of one test of two general parts, a multiple choice test and a problem solving analysis. Two and a half (2 ½) hours will be allowed to complete the test. The entire test will be handed out at once & numbered 1-50 for problem solving & 1-50 for multiple choice.

1. **PROBLEM SOLVING ANALYSIS**- The problem solving analysis section of the Farm Business Management CDE is designed to determine the team members' ability to apply economic principles and concepts of farm business management to the decision making process by actual problem analysis and to defend the decisions made.

2. **MULTIPLE CHOICE TEST**- The multiple choice section of the Farm Business Management Contest is designed to test team members' understanding of economic principles in farm business management. Multiple choice questions, some related to problem situations, form the basis for testing understanding of the application rather than definition and identification of economic principles.

Event Scoring

Event	Scoring
Problem Solving – Questions 1. – 50. (50 questions @ 4 pts each)	200 points
Multiple Choice – Questions 1. – 50. (50 questions @ 3 pts each)	150 points
TOTAL	350

Event Rules and Regulations

1. All team members will work individually. Team members may use silent battery-operated calculators during the contest (team members **MUST** furnish their own calculators).
2. All tests and problems (including correct answers) used in the contest may be given out during the Convention at the contest superintendent's discretion.
3. In scoring problems, full credit will be given for accuracy. In developing the problems, intermediate answers will be provided whenever feasible so that mathematical or calculation errors do not severely penalize students in the longer sections of the contest.
4. It is recommended the Multiple Choice section include at least 50 % math based/oriented questions.
5. A total of two and one half (2 ½) hours will be allowed to take the test.

References

Agriculture Management, Economics and Sales, sponsored by FCS Financial available at:
<http://www.missouriffa.org/curriculum/>

Farmers' Tax Guide. <https://www.irs.gov/pub/irs-pdf/p225.pdf>