Action Plan:

Risk Management: Marketing, Insurance, Finance, Transition Planning, and Government Programs

2011-2012

Strategic Opportunities Addressed:

- Sustain Profitable Agricultural Production Systems

Situation:

Risk management is now more important than ever in this era of high market volatility. New programs in the 2008 Farm Bill added to uncertainty that farmers face with the addition of the new ACRE and SURE programs. The 2012 Farm Bill has the potential to be greatly different than the programs in the current Farm Bill. Farmers will need to understand how these new programs fit into a risk management plan that includes insurance and marketing decisions, as well as overall financial management and transition planning. As a result of this situation, on-going education will be required.

Public Value:

When you support the Risk Management Program, participants will learn and adopt risk management strategies to manage the financial soundness of their businesses and methods of successfully transitioning businesses to future generations. This will lead to more competitive producers who are able to sustain long-term profitability, which will benefit other community members by increasing the viability of rural communities and their access to a safer and less expensive food supply.

Outcomes:

Short-Term:

Producer participants will learn about tools that are available to help manage the risks associated with production agriculture (e.g., insurance, marketing alternatives, government program participation).

Participants involved in multi-generation operations will learn about the different business structures and methods of passing assets from one generation to another.

Evaluation Questions:

What knowledge did producer participants gain about tools for risk management in production agriculture?

What knowledge did participants gain about structures and methods for transitioning operations between generations?

Medium-Term:

Producers will use risk management tools that allow them to reduce the variability in income while still maintaining the ability to generate returns sufficient for long-term business sustainability (e.g., crop insurance,

forward contracts, minimum price contracts, use of futures/options markets).

Multi-generation operations will develop plans for how to successfully transition the business from one generation to the next.

Evaluation Questions:

What risk management tools do producer participants use to manage risk and ensure long-term business sustainability?

Have participants involved in multi-generation operations developed plans for transitioning operations between generations?

Long-Term:

Agricultural producers will effectively manage the production and market risk involved in agriculture, which will allow their operations to sustain long-term profitability and successfully transition to future generations.

Evaluation Questions:

Have agricultural operations sustained long-term profitability and successfully transitioned to future generations?

Outputs:

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Participants will include farmers and ranchers, agricultural lenders, agribusiness professionals, extension agents, and extension agricultural economists in Kansas and other states.

Output/Activities:

- Grain market situation and outlook (newsletter, radio interviews, and presentations) – posted to www.AgManager.info
- Livestock market outlook and analysis (LMIC newsletter, radio interviews, and presentations) – posted to www.AgManager.info
- ACRE, SURE, and Crop insurance updates (white papers, radio interviews, and presentations) – posted to www.AgManager.info
- RAM II case farm workshops (day-long meetings)
- Presentations at Risk & Profit Conference, Ag Lenders Conferences, Kansas Insurance Workshop, Ag Profitability Conferences, and multi-county Extension meetings
- Webinars (SURE, ACRE, etc.)
- One-on-one consultations/assistance by phone and email

Action Plan Team Members

Individuals associated with this action plan include Art Barnaby, Troy Dumler, Dan O'Brien, Kevin Dhuyvetter, Glynn Tonsor, Bryan Schurle, Michael Langemeier, Mykel Taylor and KFMA economists.

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