Action Plan:

Production Economics –Crop & Livestock Profitability, Budgeting, Land & Machinery Purchase & Leasing

2011-2012

Strategic Opportunities Addressed:

- Sustain Profitable Agricultural Production Systems

Situation:

Profitability is critical for long-term business survival and the anticipation of profits are the motivation for the entrepreneur to engage in business and take on risk. However, because agriculture is so dynamic in its various aspects (e.g., markets, technology adoption, and policy), and particularly because both input and output markets have been especially volatile recently, producers need to constantly evaluate what enterprises and production systems are the most profitable. Agriculture is also very capital intensive and thus producers need to identify the most efficient ways to access capital. These decisions include a variety of options that must be considered and evaluated.

Public Value:

When you support the Production Economics Program, participants will learn about and adopt best short-run production systems that are based on current economic conditions and develop mutually beneficial relationships and agreements between landlord and tenants, which will lead to more competitive producers that 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 short-run options based on current economic conditions such as modifying land rental rates, choosing between different crop enterprises, selecting alternative feeding programs, etc.

Participants will learn how to develop and maintain mutually beneficial relationships between landlords and tenants.

Evaluation Questions:

What knowledge did producer participants gain about short-run economic options?

What understanding did participants gain about developing and maintaining beneficial landlord-tenant relationships?

Medium-Term:

Producer participants will adopt production systems that are expected to be the most profitable and sustainable

over time (e.g., tillage versus no-till, beef cows versus stockers, freestall versus drylot dairy).

Landlord and tenant participants will develop mutually beneficial relationships/agreements.
Evaluation Questions:

What changes have producer participants made to develop profitable and sustainable production systems?

Have landlords and tenant participants made agreements that will ensure mutually beneficial relationships?

Long-Term:
Agricultural producers will be more competitive and able to sustain long-term profitability.
Evaluation Questions:
How have agricultural producers demonstrated competitiveness and long-term profitability?

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:

- Farm Management Guides – posted to www.AgManager.info
- Research papers, newsletters, factsheets, and presentations – posted to www.AgManager.info
- Decision tools, both Excel and web-based – posted to www.AgManager.info
- Databases (e.g., crop & livestock prices, land values & rents) – posted to www.AgManager.info
- Radio interviews and videos – posted to www.AgManager.info
- MAST (in-depth farm/financial management program)
- Lease Workshops (day-long meetings)
- Presentations at Risk and Profit Conference and Ag Lenders Conferences
- Presentations at Extension multi-county meetings, including Ag Profitability Conferences
- One-on-one consultations/assistance by phone and email

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

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