



DEVELOPING THE NEXT GENERATION OF FARM BUSINESS MANAGERS

772

participants in educational programs put on by farm business management team

6,071

visits to farm business beginning farmer resources

PRIORITY

A R E A S

Every year, inspired individuals enter the world of farming with passion, creativity and drive. These beginning farmers face a number of challenges as they start their new careers as farm managers. Those challenges can become roadblocks that reduce profitability. They may even restrict their farm's ability to grow. To navigate these roadblocks requires an understanding of the financial and business aspects of farming.

For additional information regarding farm management educational programs, research projects and materials, message Jon LaPorte, MSU Extension farm business management educator, laportej@msu.edu or visit https://www.canr.msu.edu/farm_management/experts.

IMPACTS



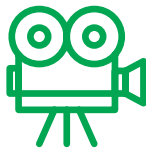
453

downloads of Beginning Farmers DEMaND Series resources



15

educational publications on farm business topics, 8 translated into Spanish



1,347

unique video plays of educational videos and recordings



43

farms participated in over 100 private educational sessions on succession planning



128

individuals accessed Farm Money Matters: Farm Business Management materials

DEVELOPING AND EDUCATING MANAGERS AND NEW DECISION-MAKERS (DEMAND)

The Beginning Farmers DEMaND (Developing and Educating Managers and New Decision-makers) series offers a fresh look at farm business management for new and beginning farmers. The series is designed to help the next generation of farm operators learn about financial and business management strategies that can help them develop into managers and decision-makers on the farm. Whether they represent the transition of generations, an employee to owner or a new entrant to the business, the DEMaND series offers assistance through articles, bulletins, webinars and more.

Led by Michigan State University (MSU) Extension farm business management educators, the series workgroup is a cross-team collaboration made up of educators from the agriculture and agribusiness area, the community, food and environment area and the MSU Product Center. It also has industry involvement with partner organizations including the Michigan Farm Bureau, GreenStone Farm Credit Services, the U.S. Department of Agriculture Farm Service Agency and the Michigan Soybean Association.

The series currently includes 15 educational bulletins written in an introductory style for readers with limited experience in the subject matter. Publications are written by MSU Extension educators and reviewed by both educators and partner organizations. This combination of review allows for further insight and discussion of resources to include with each topic. Current topic areas include decision-making, insurance, local government, loans and credit, marketing and record keeping. Bulletins are being translated to Spanish, with eight bulletins now offered in that language.

The series was offered in a webinar program for the first time this year. Topics focused on simple accounting and record keeping, financial statements, financial analysis and an introduction to tax management. The program concluded with a guest panel featuring lenders and tax professionals to answer participant questions. The webinar drew in 200 registered participants and led to the creation of 24 short educational videos, based on evaluation feedback.

Knowing the financial position and overall performance of a farm business is also important to its future success. A collection of resources and analytical tools organized by the series assists new farm managers in identifying financial performance. These resources focus on farm financial statements, a walk-through of their uses and fillable forms to help create these important documents. For example, the MSU Balance Sheet Template, an Excel-based resource for farm businesses, had 5,497 downloads in 2022. It is a fillable document with formulas to assist in calculating totals, providing a printable form and explanation of key financial ratios for financial decisions.



Wine grower showing grapes used to make premium wine.

WORKING COLLABORATIVELY TO DEVELOP NEW FARM MANAGERS

Collaborations are a key ingredient in developing successful beginning farmer programming. MSU Extension farm business management educators work closely with production teams and industry organizations to develop programs benefiting new farm managers. Often these efforts are part of existing programs or new series, which further address the needs of beginning farmers.

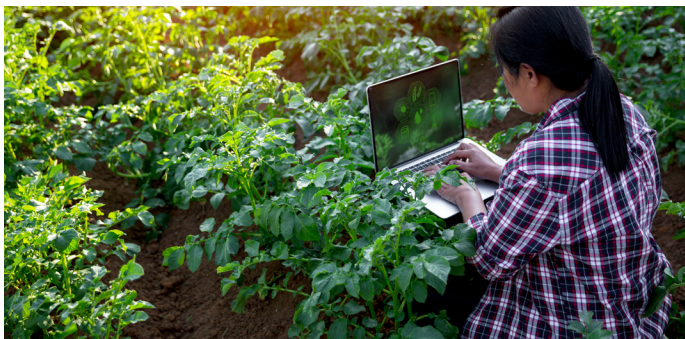


Gardener holding natural thyme seedlings in pot at greenhouse

The Hay Production 101 webinar program was organized by a joint effort of farm business management and forage-focused field crop team members. The program offers an overview of hay business and marketing. Educators focus on how to determine a farm's cost of production and how to price hay for an acceptable profit. Access to decision tools and availability of comparison farm financials for decision-making are also discussed.

Beekeepers who started keeping bees as a hobby and hope to turn their operation into a business need to consider organizational structures, record keeping and more. Members of the apiculture and farm business management teams developed a program called Farm Budgets: Turning Your Beekeeping Hobby Into a Business. The event assisted beekeepers in better understanding the steps to turning their beekeeping hobby into a business.

INNOVATIVE ONLINE PROGRAM OFFERS UNIQUE OPPORTUNITY FOR NEW MANAGERS



Young farmer in a potato field looking at laptop computer.

Farm Money Matters is a unique online course designed to train new producers in Michigan who have less than 10 years of experience. Offered to both English- and Spanish-speaking enrollees, the course provides education in foundational farm business management knowledge.

The course includes cohort and one-on-one educator-participant interactions along with eight self-paced educational modules. These modules address financial and human risks including strategic farm management, record keeping and accounting basics, financial statements, business analysis, record-keeping methods, enterprise and partial budgets, business succession and ways to use your records for management decisions.

Modules include over 60 scripted videos, numerous educational readings and links to resources, assessments and worksheets. Students spend at least three hours per module and cohort meetings are held via Zoom lasting approximately two hours. Modules and cohort meetings are spread out over approximately a three-month period. After course completion, producers implement the knowledge gained on their farm to ultimately enhance cash flow, profitability and financial performance. The program launched this year with 13 participants in its initial cohort.

Materials from Farm Money Matters were also used in another MSU Extension program, Farm Business Record Keeping for the Global Majority. The program is an educational program for farmers of color, offering in-person gatherings, one-on-one consultations and Zoom discussions around farm business management topics. Two sessions of the program were offered with 115 total participants.

“I want you to know that I sincerely appreciate the help you have given us in the farm transition. Thank you for the hope you have given me (personally). I haven't had any for the farm in a long time.”

• *Succession Planning participant*

HELPING FARM FAMILIES TRANSITION THEIR FARM BUSINESS TO THE NEXT GENERATION

Succession planning is a process of creating a path to transfer ownership of a farm business. The transfer is often between senior and junior generations of a family farm. MSU Extension farm business management team members assist in facilitating succession efforts by holding private educational sessions with family members of a farm business. During these meetings, participants discuss and develop specific strategies to help farm families achieve six main goals:

1. Retain financial security for the senior generation.
2. Obtain harmony among all family members.
3. Provide a reasonable opportunity for the successive generation to be financially successful.
4. Provide flexibility for changing situations.
5. Keep the plan relatively simple and easy to administrate.
6. Minimize income and estate taxes for all family members.

Achieving all of these goals can be difficult as they can sometimes conflict with each other. Success is achieved by finding a comfortable balance between goals for both the senior and junior generations. The process of succession can often take two or three years for families to think through and obtain this balance. Many families go on without a well-developed and executed plan, which often causes strife in the family. Some do attempt to transfer ownership, but it gets messy without a plan. Careful and thoughtful discussion is needed to assist in leading or sometimes pushing people down this path.



Father, mother and teenage son standing against long aisle between paddocks with livestock

The farm business management team met with 43 farm families and facilitated over 100 private educational sessions in 2022. Participation in these meetings included over 150 individual farm and family members. In addition to offering private educational sessions, team members presented educational programs throughout the state, reaching an audience of 168 farm producers.

MSU Extension educators wrote articles on succession planning that reached 35,272 readers through MSU Extension, Michigan Farm News and The Farmer's Exchange Newspaper.