Farm Management
Agricultural Economics AEC 451

Dr. Leland C. Thompson
L.Thompson@SFASU.Edu
936-468-3705
Room 115 Agricultural Building
Office Hours: 9-10 and 2:00-3:30 M thru Th
Department of Agriculture
Lecture: 11:00 to 11:50 MW
Lab: 1:00 to 2:50 M
Room 121, Ag. Building

FARM MANAGEMENT:- 2 hours lecture, 2 hours lab per week. Application of business principles to farming, organization and management of farms, farm records and farm accounts. Prerequisite: 12 semester hours of agriculture.

The overall purpose of this course is to expose students to using economic tools of analysis as applied to practical farm management decisions. This involves the integration of both technical and economic concepts and data, for the purpose of applying it to specific farm business situations, and the comparisons of alternatives generally in terms of maximum profits as an objective. To further illustrate the course objectives the following are examples of types of questions or problems to be considered in farm management decision making.

1. What types of characteristics and skills are needed to be a successful farm manager? What provisions can we make to maintain competency and improve the functioning of management?

2. How can one determine the most profitable level of resource use and output for a particular production situation? (This involves questions of fertilization, feeding level, optimum weight to sell an animal, etc.)

3. How do we determine the least cost combination of inputs used to produce a particular output level? (Hay and grain, machines and labor, livestock, land, etc.)

4. What effect does the size of the farm operation or the size of the farm enterprise have on cost of production of a particular product? (Can small operations compete with larger farms?)

5. How do we determine the most profitable combination of crops and livestock on a given farm? (Consider both procedures and concepts of optimization.)

6. Does it make a difference where we farm? What are the factors associated with location advantage or disadvantage?

7. How do we determine how profitable a farm business is or should be?

8. How do we determine whether a particular investment will pay?

9. Should we buy or rent production resources?
Program Learning Outcomes
1. The student will demonstrate an intermediate level understanding of economic theory needed for success in the agricultural industries and other highly related careers. *(Economic Theory)*
2. The student will demonstrate the ability to use analytical methods, (graphic and mathematical), as needed for business management and subject matter. *(Quantitative Analysis)*
3. The student will exhibit problem solving skills. *(Problem Solving)*
4. The student will demonstrate effective communication skills. *(Communication)*
5. The student will exhibit leadership and other interpersonal skills needed for career placement and advancement. *(Leadership)*

<table>
<thead>
<tr>
<th>B.S. Agribusiness Program Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Course</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>AEC 451</td>
</tr>
</tbody>
</table>

**Student learning outcomes**
Student learning outcomes are specified for AEC 451 in support of program outcomes. AEC 451 is expected to address program goals at the, “M” (moderate) or the, “A” (advanced) level as indicated above.


**Course Requirements**
1) Readings in the textbook as specified by the syllabus
2) Problem assignments (weekly)
   Problem exercises will be assigned during the semester to give students experience in applying economic concepts to farm decisions. Problems may include applying concepts of diminishing returns, opportunity cost, input substitution, production costs and decisions over time. A grade of incomplete will be assigned for students who fail to submit acceptable problem exercises which have been assigned.
3) Quizzes (at least 4)
4) Examinations (mid-term and final)
5) Farm business planning assignment

**Farm Plan:** To provide each student an opportunity to apply farm management techniques and methods for planning a farm business, students are required to prepare a farm plan using budgeting and financial control techniques. Each student will participate by developing a forward looking farm business plan and reporting the results. The plans will be due at the end of the summer session and will count 25 percent of the final grade. Specific assignment instructions
will be provided during first half of the term.

**Week, Topic, and Chapter ref.**

**I. INTRODUCTION** (CH.1 and 2)

**Objective:** Understand the nature of management functions.


B. Approaches and Methods of Analysis Used in Farm Management.
   1) Relationship between management and change
   2) Types of managerial decisions
   3) Decision-making processes
   4) Management functions
   5) Sources and types of information needed, and methods used in analysis of management decisions

**II thru VI. PRINCIPLES AND PROCEDURES FOR PLANNING A FARM BUSINESS**

**Objective:** Understand the theoretical application, the practice, and the control tools for management functions.

A. Application of Economic Principles
   (Ch. 7 & 8)
   1) The production function and marginal analysis
   2) Law of diminishing returns and profit maximization
   3) Combining inputs in least cost combinations
   4) Enterprise relationships and profit maximization

B. Cost of Production Concepts and Application (ch. 9)
   1) Principles of opportunity cost and equi-marginal returns
   2) Cost of production concepts -- definition, computation, and application.
   3) Cost of production and size of business
   4) Comparative advantage

C. Planning the Farm Organization
   1) The structure, use, and limitations of enterprise budgets (ch. 10)
   2) Procedures for whole farm budgeting (ch. 12)
      a) whole farm budgets - steps and formats
      b) linear programming
   3) Partial budgeting procedures (ch. 11)
   4) Cash flow budgeting (ch. 13)

**Week VII thru X**

D. Financial planning and control of the business
   1) The balance sheet, asset valuation and ratio analysis (Ch. 4 & 5)
   2) The income statement and profitability (Ch. 6)
Week XI and XII farm planning project

II. ACQUISITION AND USE OF FARM RESOURCES

Objective: Understand that productive resources employed each have specific decision-making considerations.

A. Capital and Credit Use (Ch. 19)
   1) Determining the amount and allocation of capital among alternative uses
   2) Credit and equity considerations
   3) Investment in durable capital assets

B. Buying and Leasing Land (Ch. 20)
C. Labor Utilization and Management, (ch.21)
D. Selection and Management of Machinery (Ch. 22)

IV. MISCELLANEOUS TOPICS

A. Dealing with Risk and Uncertainty (Ch. 15)

Grading Policy

Farm Management grades will be based on the following items:

1. Quizzes: 25%
   Quizzes are usually announced, 4 during the session, 10-15 minutes in length, covering recent material.

2. Examinations, (2): 50%
   These will be scheduled near the mid-session and at the end of the session.

3. Farm Plan: 25%
   Grades will be reduced if turned in late.

Exam Dates: Exam #1 near mid-term (October 18th)
            Exam #2 Final: December 11th, 10:30 a.m.

NOTE: It is the students' responsibility to check on ones grades before drop deadline (October 25)

Final Grade Scale: A =100-90; B =89-80; C =79-70; D =69-60; F <60.

Attendance Policy

1. A. Class attendance is required. The role will be checked
   B. Absence will be recorded and treated as follows:
      One point will be deducted from the final grade for each class absence in excess of three (3) unexcused absences. On a positive note, anyone who has a perfect attendance record will get the benefit of the doubt when their final grade is on the borderline.
   C. It is your responsibility to see me after class when you are late and have been
marked absent.

D. Students are expected to remain in class until I arrive or until notified that I will not be attending.

2. **Make-up Exams**
   
   A. Make-up exams will be given only to those individuals who have a valid excuse and have notified me ahead of time. **All make-up exams will be administered at the end of the session.**

**Academic Integrity (A-9.1)**

Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism.

**Definition of Academic Dishonesty**

Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one's own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one's paper without giving the author due credit.

Please read the complete policy at [http://www.sfasu.edu/policies/academic_integrity.asp](http://www.sfasu.edu/policies/academic_integrity.asp)

Students proven to have cheated on assignments, quizzes and /or exams will fail the entire semester course.

**Responsible Use of Technology:** It is expected that all students will only use cell phones, PDAs, laptop or tablet computers, MP3 players, and related devices outside of class time or when appropriate in class. Answering a cell phone, texting, listening to music or using a laptop/tablet for matters unrelated to the course may be grounds for dismissal from class or other penalties.

**Acceptable Classroom Behavior:** Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the Student Conduct Code, policy D-34.1). Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic/online forums, classroom meetings, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the iCare program [http://www.sfasu.edu/judicial/earlyalert.asp](http://www.sfasu.edu/judicial/earlyalert.asp). This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.

**Withheld Grades Semester Grades Policy**

Ordinarily, at the discretion of the instructor of record and with the approval of the academic chair/director, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F. If students register for the same course in future terms the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average.

**Students with Disabilities**
To obtain disability related accommodations and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Wisely Hall, Room 104, 468-3004/468-1004 (TDD) as soon as possible. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to http://www.sfasu.edu/disabilityservices/

I have received a copy of the syllabus for AEC 451, Farm Management, which outlines course description, text required, assignment policy, instructor office hours, topic sequence, disability accommodations, grading and attendance policy, exam schedule and make-up exam considerations.

SIGNITURE _________________________

Date      ______________

Print name here  ____________________