



National Farm & Ranch Business Management Education Association, Inc.
 ... Teachers delivering knowledge that works to North America's Farm and Ranch Families

NFRBMEA INC.

NUTS & BOLTS REAL-TIME UPDATE

August 10, 2009

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What I Did During Our Conference in St. Louis: A Few Highlights

By Wayne Pike

The 2009 Farm Management Conference was too busy and I could not be everywhere, so here are a few highlights that stand out in my mind:

- ◆ We did not go up in the Arch because we have been there before. The museum underneath it is even more interesting than being up high.
- ◆ Enjoyed Bruce Blakemore, the singing and guitar plucking high school ag teacher. We brought home his CD and have listened to it often.



◆ Ron Plain's discussion of the U.S. Economy and Agriculture was an eye-opener for me. He has an entertaining style mixed with his facts that kept us interested in all those graphs. His topic makes a guy a little nervous sometimes.

◆ I missed some of the breakout session as we were discussing some other NFRBMEA business, but I got a lot from Patrick Westhoff from FAPRI. I admire anyone who can live their lives among all those numbers and still call it a life.

◆ The picnic at Forest Park will always stand out in my mind as one of our best ever. Nice weather, good food, a beautiful setting. Ralph Duren's "Calls of the Wild" was a "hoot".

◆ Tuesday's program was so packed with information I cannot pick a highlight, but that is what the notes and program are for. If I can remember where the idea came from I can always go back and check out the web site. We are fortunate that most speakers welcome e-mail contacts and are more than willing to share.

- ◆ We went to our one baseball game for the year. The Cardinals beat the Tigers 11 – 3. That new Busch Stadium is a beautiful place for baseball.
- ◆ We toured the ADM terminal, Lange-Stegmann Fertilizer, and the Lock and Dam Museum. All things that we don't get to do as flatlanders out here on dry land.
- ◆ Did I mention the hours and hours of "down-time" we spent with our friends and colleagues? That down-time came at the expense of sleep, but we are caught up now. I think I even had two beers in one day.
- ◆ You never know what is going to happen at the Storytelling Breakfast. It is like karaoke without the music.
- ◆ I stayed over for the IABME workshop on Thursday afternoon and Friday. This is a first-class innovation that I am very pleased came to being due to a lot of hard work by a lot of people.

We are already looking forward to next year in Fargo.

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President's Message

By Wayne Pike, 2009-10 NFRBMEA President

I hope you are having a good summer. It was good to have about 50 of us in St. Louis at our annual conference in June. Congratulations and thanks again to our 2009 Conference planning committee headed by John Sponaugle and Jesse Schwanke. There are a million details in conducting a conference and these folks and their committee did a great job. Thanks also to our NAFBAS partners who shared planning responsibilities and whose membership showed up in force at St. Louis.



Planning for the 2010 Conference in Fargo, North Dakota, has been underway for several months. Rick Morgan, our head conference planner from Moorhead, Minnesota, and his crew have the ball rolling. The dates are June 13 – 17, 2010. Check the web site for more developments.

We welcome to the Board our new President Elect Al Graner from Rugby, North Dakota. Al is a veteran Board member who steps in again for another leadership role. John Hobert, our Past President, has officially left the Board, although he remains active and in constant contact as one of our primary conference fund-raisers.

One of our Board's primary tasks this fall is to make a recommendation to the membership concerning Board restructuring. Like any other organization, the way we do business has changed over the years. The Past Presidents recommended that we reduce the number of directors and address the impact of having a paid person on the Board (the webmaster). Our on-going collaboration with NAFBAS on conference planning also shifts the duties of all Board members. It is the Board's task to update the job descriptions of the new director positions and to re-write the by-laws. These changes will go to the membership for consideration at least ninety days prior to next year's conference in Fargo. Al Graner, Paul Gorman and I have already put some thought into the new job descriptions. We hope to have much of this ironed out by the Fall Board meeting in late September. Watch the web for more information on Board activity.

A highlight of our recent conference for me was to see some of the results of the Institute for Ag Business Management Education. I thought that the educational sessions for relatively new instructors on Thursday afternoon and Friday morning were particularly significant for them and for me as a somewhat less new instructor. I am looking forward to more innovative educational opportunities from IABME and its director, Tom Weygandt. IABME underlines our need to recruit and support new teachers. The lack of replacements for those among us culled out by retirement is a looming danger to our profession.

There is a saying around our college that there is never a shortage of money, but there is often a shortage of ideas. I have found that there is rarely a shortage of good ideas, but it takes time and effort to sort through all the ideas and find the one that is likely to work at any particular time. On top of that, we have to have the energy and time to move it forward.

The NFRBMEA Fall Board meeting is taking place on September 28 and 29 at the University of Minnesota in St. Paul. We will also be meeting with our NAFBAS friends regarding our joint projects. The IABME committee will also be meeting at that time. We would appreciate any idea you think might be appropriate for our organization to work on.

Keep up the good work!

A handwritten signature in blue ink that reads "Wayne".

Webinars Starting to Take Hold

By Wayne Pike, NFRBMEA President

The recent interest in spreading the word about the ACRE program has caused an increase in webinar use. In Minnesota, we know that Betsy Jensen and Mike Mastey have put on ACRE webinars for students, instructors and lenders. I know that Dan Perkins has done a marketing webinar, and I am sure there are others that I am not aware of who use the webinar frequently. Eventually, I am sure that there will be a method of informing everyone of webinars of interest to the general groups.



Here at Riverland, we have begun a project that involves each of the instructors presenting a webinar to the entire Riverland farm business management student body. I was the "guinea pig" and presented two webinars on the ACRE program. After practicing a lot and doing three prior webinars, I think the result was at least good. If you are interested in how it turned out you can watch the recording at <https://mnsu.webex.com/mnsu/sr.php?AT=pb&SP=MC&rID=22552657&rKey=2954c7b700dad71f>

The handouts are available at: <https://mnsu.webex.com/meet/pikewa>. It isn't the greatest presentation ever, but it is better than when I started in this learning process.

A Good Marketing Information Source



Rick Morgan and Greg Tullis have an on-line source for some marketing information that they gather. It is a quick reference if you don't keep up with these crops on a day to day basis.

Go to www.northlandfbm-moorhead.com/Recommendations.pdf You will find a summary of several advisories that give a quick overview of what some people think is going on out there.

IABME Update

By Tom Weygandt, IABME Director

The Institute for Agricultural Business Management concluded its first year of operation with the Institute Workshop on June 18 & 19, 2009. Presenting Thursday afternoon was Todd Doehring, Centrec Consulting Group LLC, on [Financial Statement Analysis and Interpretation](#). Todd took the Institute members to deeper issues than what was covered earlier via webinar. On Friday morning a panel of "seasoned" farm business instructors and consultants presented experiences from their careers. This became quite a lively discussion concerning how to be successful FBM instructors. The sessions were videotaped and will be available shortly.

Starting in April, nine early career FBM instructors from three states joined the Institute in 2009. Four were from Minnesota, four from Wisconsin, and one from Missouri. These instructors served a total of 329 farm businesses. This represents 627 individuals touched directly within those businesses.

Our Institute members were encouraged to participate in three activities: a Weekly Webinar Series, The National Farm Management Conference, and The Institute Workshop. See

www.nfrbmea.org/iabme to see all the topics covered during the year. Recordings of the webinars are available online for those who missed a session or who wished to review a session. You'll need a password to view these which you can obtain by contacting Tom Weygandt or Deb Pike.



The IABME Committee is in the planning stages for the 2010 Institute. Several issues are at various stages of development, including: regional meetings in several states for the fall, webinars on several topics through the winter, and a

focused conference speaker and breakouts at the National Farm Management Conference next summer. Watch the website for developments.

Finally, a big "Thank You!" goes to the Bremer Foundation. Through a generous, three-year grant, creation and funding of IABME was possible.



Minutes of all Conference Board and Business meetings are now available on www.nfrbmea.org/minutes.htm

2009 Exchange of Ideas

By Deb Pike, NFRBMEA Webmaster

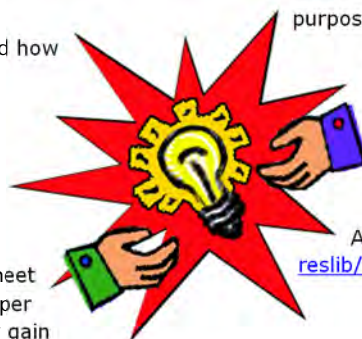
The 2009 Exchange of Ideas are now available in our Resource Library. Here is a summary of this year's topics:

- * Jay Stretcher of Colorado Springs, CO illustrated how he teaches the concept of how a loan is not an expense when it is paid back.
- * Jennifer Smith, Kenyon MN presented a promotional tool instructors can use to market their FBM program to potential students.
- * Jay D. Olsen, Richfield, UT presented a spreadsheet he uses to help students calculate the average head per year in a feedlot enterprise, as well as average daily gain per head and total gain per head for the feeding period.
- * Ira Beckman, Jordan, MN presented a spreadsheet he uses to

determine the cash required per unit for a specific enterprise which can be used for historical information or forward planning purposes.

- * Paul Gorman of North Mankato, MN shared a management checklist that he uses as a planning tool for his students and as a promotional or recruitment tool for prospective students.

All of these are available at www.nfrbmea.org/reslib/reslib_exchange.htm.



Resource Library Update

By Deb Pike, NFRBMEA Webmaster

Speaking of the Resource Library, we are always looking for more things to add to it. Please don't be shy— if you have something in your educational arsenal that you find helpful, please consider submitting it to the Resource Library today. It may be just the thing that someone else may find helpful too. In addition to the Exchange of Ideas, other topic areas are Crop Production, Farm Financial Management, Human Resources, Livestock Production, Marketing, Program Promotion and useful Links.

To submit an item to the Resource Library, go to www.nfrbmea.org/reslib/ResourceLibraryForm.pdf. Enter the name of the resource you are contributing, the author's name, a brief description of the resource and the date it was last updated. Hit the "Click to Submit" button at the bottom of the form. This will open up a new email message in your email program with the form already attached. Don't forget to attach all other files associated with your submission. If there's anything else you want to mention, just put it in the body of the email message. Hit "Send" and you're done! If you have any problems or questions about submitting, please email me and I'll be happy to help!

Farm Management Minute: Working With Your Lender in Turbulent Times

By Tom Lippert, Central Lakes College, Pierz, MN

How can I as a producer help my lender see my credit request as an acceptable risk? I need to provide my lender with a 3 to 5 year history of financial statements, which would include balance sheets and income statements. When putting my balance sheet together it is important that I accurately value the assets. Asset values should be within 10% of market value. If for some reason they exceed this range, I need to provide supporting documentation, which explains the variance. All liabilities must be listed. I need to include all my accounts payable as well as any capital leases. My accounts payable should be less than 15% of my 3 to 5 year historical average net farm income. The income statement should not be my cash basis Schedule F or W-2 tax form. To see a true picture of my operation the banker needs an accrual adjusted statement that shows changes in inventory, accounts receivable, prepaid expenses, an accounts payable listing, and owner draws/family living expenses.

Lenders will probably also ask for my personal financial statements. Personal credit card debt should be less than 15% of net farm and non-farm revenue. Lenders will be looking for off-farm investments on personal financial statements. Long term savings like IRA's, 401-K's, or SEP retirement plans indicate financial discipline and responsibility. Investments in snowmobiles, motorcycles, watercraft, and other "big boy toys" will bring up red flags.

When doing a trend analysis of my balance sheets, a lender will be looking for earned net worth vs. appreciated net worth. Has the net worth on my balance sheet increased? If so, is the increase solely due to the increase in valuation of my assets, or is it due to earned profits that I have used to reduce debt or invest wisely in the business.

Do I know my cost of production? Can I come up with my cost of production by enterprise? Have I developed short written documentation of my past progress? Does it indicate obstacles I have overcome in the past? Do I have a listing of short term (this year) and long-term (3 to 5 year) goals? A concise bulleted statement of where I see my business going and how the lender can assist in that vision is essential to help the lender buy into my plan.

Time spent getting your financial package together this year will pay dividends when negotiating with your lender.

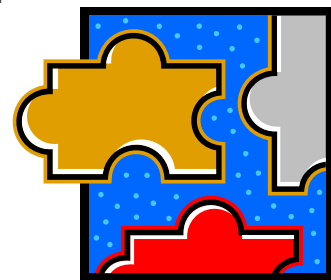
CHS "Understanding Cooperatives" Project Covers Key Concepts of Cooperative Business

By Amy Fredregill, Vice President, MN Division- Cooperative Network

The Midwest is home to the largest concentration of cooperatives in the country, with the numbers rising in both rural and urban contexts. A new project, funded by the CHS Foundation, aims to bring that enthusiasm into the classroom with an accessible curriculum on cooperative business.

"Understanding Cooperatives" is an updated version of the USDA curriculum of the 1980s. A collection of PowerPoint slideshows, handouts, tests, and other educational resources introduces students to the key concepts of cooperative business.

Cooperative Network has created a special Minnesota edition to the USDA curriculum that profiles businesses and industries that are prominent in the state. The curriculum also includes the contact information of several hundred local co-ops, which are listed by town. You may access an online version of the MN curriculum or request a free CD-ROM by visiting our website at www.cooperativenetwork.coop. If you would like the national version, you may contact USDA at 202/720-7395.



2009-10 Board of Directors

<p>Wayne C. Pike, President 6540 65th ST NE Rochester, MN 55906-1911 (507) 252-6928 (H) (507) 251-1937 (C) wcpike@myclearwave.net</p>	<p>Paul Gorman, Past President 1748 Orchid DR South North Mankato, MN 56003 (507) 389-7288 (O) paul.gorman@southcentral.edu</p>		
<p>President Elect, Al Graner 1123 S Main ST Rugby, ND 58368 (701) 776-5095 (O) (701) 776-6432 (H) allen.graner@sendit.nodak.edu</p>	<p>Doug Wertish, Treasurer 1225 SW 3rd ST Faribault, MN 55021 (800) 422-0391 (O) (507) 332-5837 (H) doug.wertish@southcentral.edu</p>		
<p>Jay D. Olsen, Secretary 800 W. 200th ST Richfield, UT 84642 (801) 896-9742 (O) (435) 893-2242 (H) jay.olsen@snow.edu</p>	<p>Membership Secretary: Virgil Dagman 910 12th AV NE Jamestown, ND 58401 (701) 952-4261 (O) (701) 43-3977 (H) virgil.dagman@sendit.nodak.edu</p>		
<p>Nat. Council Rep: Jay M. Olson 1801 College DR North Devils Lake, ND 58301-1598 (701) 662-1562 (O) (701) 662-3375 (H) jm.olson@lrsc.edu</p>	<p style="text-align: center;">2010 Conference Planners:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> <p>Rick Morgan 810 4th AV South Moorhead, MN 56560 (218) 299-5827 (O) (218) 287-2262 (H) rick.morgan@northlandcollege.edu</p> </td> <td style="width: 50%; border: none;"> <p>Jay M. Olson 1801 College DR North Devils Lake, ND 58301-1598 (701) 662-1562 (O) (701) 662-3375 (H) jm.olson@lrsc.edu</p> </td> </tr> </table>	<p>Rick Morgan 810 4th AV South Moorhead, MN 56560 (218) 299-5827 (O) (218) 287-2262 (H) rick.morgan@northlandcollege.edu</p>	<p>Jay M. Olson 1801 College DR North Devils Lake, ND 58301-1598 (701) 662-1562 (O) (701) 662-3375 (H) jm.olson@lrsc.edu</p>
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<p>Historian and NUTS & BOLTS Editor: Dan Hoffman 4207 Arbor Lane NW Rochester, MN 55901 (507) 421-7167 (C) (507) 280-0696 (H) dhoffman106@charter.net</p>	<p>Co-editor and Webmaster: Deb Pike 6540 65th ST NE Rochester, MN 55906-1911 (507) 252-6928 (H) (507) 951-3610 (C) dapike@myclearwave.net</p>		
<p style="text-align: center;">Institute for Agricultural Business Management Education (IABME) Director</p> <p style="text-align: center;">Tom Weygandt 3484 McAfee Road Wooster, OH 44691 tweyg@embarqmail.com (330) 465-8019 or (330) 262-3485</p>			



NFRBMEA INC.

6540 65th Street NE
Rochester, MN 55906-1911