

Risk Management - North Region

Issue: Risk Management

Work Group Names: Raff, Ammoson, McCorkle

Region: EAST **Circle which primary base program it addresses - ANR**

Section 1. Relevance

Where did this issue surface?

Texas Community Futures Forum

County Committees

Commodity / Industry / Special Interest Group

Specialist(s)

Section 2. Response

State the goal of the program.

Increase profitability by enhancing producers and agribusinesses knowledge and adoption of risk management skills.

State the outcome objectives.

1. Enhance producers' adoption of advanced marketing skills.
 - 1.1 Improve producers marketing skills from a basic to intermediate level through participation in marketing clubs.
 - 1.2 Improve producers marketing skills from intermediate to advanced level through participation in the Master Marketer program.
 - 1.3 Improve producers' marketing/management knowledge and skills on special targeted topics through participation in the Advanced Topic Series (ATS) program.

Topic (Subject Matter)	Strategy to Deliver Content (Method)	Existing Resource(s)
Marketing Skills 1	Marketing clubs Marketing meeting	marketing curriculum Guide
Marketing Skills 2	Marketing program	marketing curriculum risk management guide
Advanced Topics	ATS programs	Curriculum guides from ATS speakers

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2. Strengthen strategic planning and business management skills to improve economic sustainability.

- 2.1 Improve producers' decision-making through the use of new analytical skills and programs such as FARM Assistance and Tomorrow's Top Agricultural Producer (TTAP) program.
- 2.2 Improve producers knowledge on the financial impacts of the production risk associated with various crop and livestock production practices through participation in risk management programs such as the Standardized Performance Analysis (SPA) program.
- 2.3 Improve producers' knowledge and skills in record-keeping through participation in record keeping courses utilizing Quicken and/or Quickbooks software programs.

Topic (Subject Matter)	Strategy to Deliver Content (Method)	Existing Resource(s)
Decision Making	FARM Asst/one-on-one consulting	Computer program Module /informational reports
Managing Production Risk	County Production Meeting One-on-One	- Enterprise budgets - SPA - Cluster Rep Farms
Record keeping skills	Quicken/Quick books	- Enterprise budgets - SPA - Cluster Rep Farms

3. Train producers, agribusinesses and organizations in the development, interpretation and implementation of policies affecting North Region Agriculture.

- 3.1 Interpretation of policy and procedures effecting producers and farm organizations.
- 3.2 Farm Bill analysis and sign up trainings.
- 3.3 Update and maintenance of cluster representative farms to determine gross margin analysis and policy impact.

Topic (Subject Matter)	Strategy to Deliver Content (Method)	Existing Resource(s)
Ag Policy	<ul style="list-style-type: none"> - Producer meetings - one-on-one 	<ul style="list-style-type: none"> - computer generated programs - handouts
Farm Bill Educations	<ul style="list-style-type: none"> - Producer meetings - one-on-one 	<ul style="list-style-type: none"> - computer generated programs - handouts
Rep. Farms	Cluster producer meetings	<ul style="list-style-type: none"> - computer module - groups

4. Improve the profitability of agribusinesses by providing feasibility studies and trainings to enhance management skills and improve strategic planning.

- 4.1 Assist agribusinesses and local communities in evaluating the feasibility and regional impacts of new agribusiness investments such as ethanol, wind energy and bio-diesel.
- 4.2 Involve agribusinesses and lending institutions in the recruitment and delivery of all programs targeted at producers and agribusinesses.
- 4.3 Provide training to agribusinesses to enhance their management skills and improve profitability and minimize risk exposure.

Program Design.

Topic (Subject Matter)	Strategy to Deliver Content (Method)	Existing Resource(s)
Economic Impact of new Agribusiness	Feasibility studies	Socio Eco ? USDA studies
Educating Agribusiness	Networking w/agribusiness to farm contributors	Impact reports
businesses/lender, bankers		

Section 3. Results

**EXAMPLE #1 -
SAMPLE EVALUATION QUESTIONS FROM MASTER MARKETER
SURVEY! THESE QUESTIONS MAY BE ONES AN AGENT
WOULD LIKE TO USE WHEN DEVELOPING EVALUATION
STRATEGIES TO MEASURE IMPACT OF RISK MANAGEMENT
PROGRAMS**

Master Marketer Survey

*Designed to assess the educational impact of the 1998 Master Marketer program
at Vernon*

Your participation in this survey is voluntary, but essential to the future development of the Master Marketer program. All individual responses will remain confidential and will only be reported in summary form. **If you have any**

concerns or questions about this survey, please call Stan Bevers at (940) 552-9941. Your participation in this survey effort is greatly appreciated.

Section 1. Background of marketing practices

Your responses to the following questions should relate to your activities prior to attending the 1998 Vernon Master Marketer program and your activities since completing the program.

	Pre-Master Marketer		Post-Master Marketer	
	(circle one)		(circle one)	
1. Do you have a marketing plan?	Yes	No	Yes	No
2. Do you have a written marketing plan?	Yes	No	Yes	No
3. Do you share your marketing plan with someone else?	Yes	No	Yes	No
4. Do you determine costs of production for different commodities and use those costs to set price targets?	Yes	No	Yes	No
5. Do you build profit and/or growth needs into your price targets?	Yes	No	Yes	No
6. Do you use a general marketing advisory newsletter (Doane's, ProFarmer, etc.)?	Yes	No	Yes	No
7. Do you employ a market advisor (Brock, Gulke, etc.)?	Yes	No	Yes	No
8. Since attending Master Marketer, have you sought further education on marketing tools or strategies or market information (either self-taught or from a professional source)?			Yes	No
9. What is your overall rating of the educational quality of the Master Marketer program? (please circle one)				
Poor1234567Excellent				

Section 2. Development of your personal market outlook.

These questions deal with the types of market analysis a producer might use to develop a personal market outlook. These questions relate to the types of market analysis you used prior to attending the 1998 Vernon Master Marketer program and the types of market analysis you have used since completing the program.

1. How would you rate your knowledge of fundamental analysis in developing your personal market outlook? (please answer both questions)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you use market fundamentals in developing your personal market outlook <i>before</i> attending the Master Marketer program?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		
Do you <i>currently</i> use market fundamentals in developing your personal market outlook?	Yes	No

2. How would you rate your knowledge of seasonal price analysis in developing your personal market outlook? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you use seasonal price information in developing your personal market outlook <i>before</i> attending the Master Marketer program?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		
Do you <i>currently</i> use seasonal price information in developing your personal market outlook?	Yes	No

3. How would you rate your knowledge of technical analysis in developing your personal market outlook? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you use technical analysis in developing your	Yes	No

personal market outlook before attending the Master Marketer program?		
Post-Master Marketer		
Poor1234567Excellent		
Do you currently use technical analysis in developing your personal market outlook?	Yes	No

4. How would you rate your ability to develop your personal market outlook and apply the appropriate marketing tools? (please circle one)									
Pre-Master Marketer									
Poor	1	2	3	4	5	6	7	Excellent	
Post-Master Marketer									
Poor	1	2	3	4	5	6	7	Excellent	

Section 3. Risk management tools and strategies.

These questions relate to your ability to manage different types of agricultural risk and knowledge of risk management tools and strategies. Your responses should relate to how your abilities and knowledge changed from the time before attending the Master Marketer program to the time after you completed the program.

1. How would you rate your ability to manage price and production risk? (please circle one)									
Pre-Master Marketer									
Poor	1	2	3	4	5	6	7	Excellent	

Post-Master Marketer								
Poor	1	2	3	4	5	6	7	Excellent

2. How would you rate your knowledge of production risk management tools (crop insurance, enterprise diversification, etc.)? (please circle one)

Pre-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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Post-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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3. How would you rate your knowledge of marketing tools (futures, options, forward contracting, etc.)? (please circle one)

Pre-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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Post-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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4. How would you rate your knowledge of forward cash contracting? (please circle one)

Pre-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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Did you know when the use of this tool was appropriate?	Yes	No
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Post-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No
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5. How would you rate your knowledge of basis contracts? (please circle one)

Pre-Master Marketer								
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Poor	1	2	3	4	5	6	7	Excellent
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Did you know when the use of this tool was appropriate?	Yes	No
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Post-Master Marketer		
Poor1234567Excellent		
Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No

6. How would you rate your knowledge of minimum price contracts? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you know when the use of this tool was appropriate?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		
Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No

7. How would you rate your knowledge of hedging with futures? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you know when the use of this tool was appropriate?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		
Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No

8. How would you rate your knowledge of hedging with options? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you know when the use of this tool was appropriate?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		

Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No
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9. How would you rate your knowledge of production contracts and/or marketing alliances? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you know when the use of this tool was appropriate?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		
Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No

10. How would you rate your knowledge of post-harvest marketing strategies (sell crop, buy calls; sell crop, buy futures; store crop, buy puts; etc.)? (please circle one)		
Pre-Master Marketer		
Poor1234567Excellent		
Did you know when the use of this tool was appropriate?	Yes	No
Post-Master Marketer		
Poor1234567Excellent		
Since attending Master Marketer, do you know when the use of this tool is appropriate?	Yes	No

11. Do you participate in a marketing pool or cooperative marketing association?	Yes	No
If yes, what percent of your crop is marketed annually by the cooperative or pool?		
_____ <25% _____ 25 to 49 % _____ 50 to 74 % _____ 75 to 100 %		
Have you increased the percent of your crop production marketed by the cooperative or pool since attending the Master Marketer program?	Yes	No

12. Do you have on-farm grain storage?	Yes	No
If yes, what percent of your crop production can be stored on the farm?		
_____ <25% _____ 25 to 49 % _____ 50 to 74 % _____ 75 to 100 %		
Have you increased your on-farm storage capacity since attending the Master Marketer program?	Yes	No

Section 4. Marketing club experience.

Please read these questions carefully and relate your experiences in working with marketing clubs, if applicable.

Following your completion of the Master Marketer program, did you attempt to get a marketing club started?	Yes	No
If no, why not? (please check all that apply)	<input type="checkbox"/> Lack of time	
	<input type="checkbox"/> Lack of producer interest	
	<input type="checkbox"/> Lack of agent support	
	<input type="checkbox"/> Lack of TAMU Specialist support	
	<input type="checkbox"/> Other (specify) _____	
If you did attempt to get a club started, did the club actually get established?	Yes	No
If no, why not? (please check all that apply)	<input type="checkbox"/> Lack of time	
	<input type="checkbox"/> Lack of producer interest	
	<input type="checkbox"/> Lack of agent support	
	<input type="checkbox"/> Lack of TAMU Specialist support	
	<input type="checkbox"/> Other (specify) _____	
If yes, how many members were in your marketing club?	_____members	
Of total membership, how many regularly attended meetings?	_____members	
How long was your club operational?	_____years	_____months

Did your club trade in the futures/options market?	Yes	No
If your marketing club did trade in the futures/options markets, how would you rate the educational value of trading? (please circle one)		
Poor1234567Excellent		
If your marketing club was operational and it has already stopped meeting, how would you rate the club's effectiveness in meeting its objectives? (please circle one)		
Poor1234567Excellent		
How would you rate the value of your experience in working with a marketing club? (please circle one)		
Poor1234567Excellent		

Section 5. Price impacts from Master Marketer education.

Please detail the impact your marketing education has had on prices received for the various commodities you produce. In this comparison, consider what you could have done with the marketing tools/strategies you employed **before** attending Master Marketer versus what you have done **since** your Master Marketer training.

CORN	
Relative change in price received	
<i>please check one</i>	
___	increased more than 30 ¢/bu
___	increased 21 to 30 ¢/bu
___	increased 11 to 20 ¢/bu
___	increased 1 to 10 ¢/bu
___	no change in price received
___	decreased 1 to 10 ¢/bu
___	decreased 11 to 20 ¢/bu
___	decreased 21 to 30 ¢/bu
___	decreased more than 30 ¢/bu

GRAIN SORGHUM

Relative change in price received	
<i>please check one</i>	
<input type="checkbox"/>	increased more than 45 ¢/cwt
<input type="checkbox"/>	increased 31 to 45 ¢/cwt
<input type="checkbox"/>	increased 16 to 30 ¢/cwt
<input type="checkbox"/>	increased 1 to 15 ¢/cwt
<input type="checkbox"/>	no change in price received
<input type="checkbox"/>	decreased 1 to 15 ¢/cwt
<input type="checkbox"/>	decreased 16 to 30 ¢/cwt
<input type="checkbox"/>	decreased 31 to 45 ¢/cwt
<input type="checkbox"/>	decreased more than 45 ¢/cwt

WHEAT	
Relative change in price received	
<i>please check one</i>	
<input type="checkbox"/>	increased more than 30 ¢/bu
<input type="checkbox"/>	increased 21 to 30 ¢/bu
<input type="checkbox"/>	increased 11 to 20 ¢
<input type="checkbox"/>	increased 1 to 10 ¢/bu
<input type="checkbox"/>	no change in price received
<input type="checkbox"/>	decreased 1 to 10 ¢/bu
<input type="checkbox"/>	decreased 11 to 20 ¢/bu
<input type="checkbox"/>	decreased 21 to 30 ¢/bu
<input type="checkbox"/>	decreased more than 30 ¢/bu

COTTON	
Relative change in price received	

<i>please check one</i>	
___	increased more than 7.6 ¢/lb
___	increased 5.1 to 7.5 ¢/lb
___	increased 2.6 to 5.0 ¢/lb
___	increased .1 to 2.5 ¢/lb
___	no change in price received
___	decreased .1 to 2.5 ¢/lb
___	decreased 2.6 to 5.0 ¢/lb
___	decreased 5.1 to 7.5 ¢/lb
___	decreased more than 7.6 ¢/lb

SOYBEANS	
Relative change in price received	
<i>please check one</i>	
___	increased more than 30 ¢/bu
___	increased 21 to 30 ¢/bu
___	increased 11 to 20 ¢/bu
___	increased 1 to 10 ¢/bu
___	no change in price received
___	decreased 1 to 10 ¢/bu
___	decreased 11 to 20 ¢/bu
___	decreased 21 to 30 ¢/bu
___	decreased more than 30 ¢/bu

SUNFLOWER	
Relative change in price received	
<i>please check one</i>	
___	increased more than 30 ¢/cwt

___	increased 21 to 30 ¢/cwt
___	increased 11 to 20 ¢/cwt
___	increased 1 to 10 ¢/cwt
___	no change in price received
___	decreased 1 to 10 ¢/cwt
___	decreased 11 to 20 ¢/cwt
___	decreased 21 to 30 ¢/cwt
___	decreased more than 30 ¢/cwt

CATTLE	
Relative change in price received	
<i>please check one</i>	
___	increased more than 15 \$/cwt
___	increased 11 to 15 \$/cwt
___	increased 6 to 10 \$/cwt
___	increased 1 to 5 \$/cwt
___	no change in price received
___	decreased 1 to 5 \$/cwt
___	decreased 6 to 10 \$/cwt
___	decreased 11 to 15 \$/cwt
___	decreased more than 15 \$/cwt

HOGS	
Relative change in price received	
<i>please check one</i>	

___	increased more than 15 \$/cwt
___	increased 11 to 15 \$/cwt
___	increased 6 to 10 \$/cwt
___	increased 1 to 5 \$/cwt
___	no change in price received
___	decreased 1 to 5 \$/cwt
___	decreased 6 to 10 \$/cwt
___	decreased 11 to 15 \$/cwt
___	decreased more than 15 \$/cwt

Section 6. Profile Information

Crop Enterprise	Non-Irrigated cropland		Irrigated cropland	
	Acres	Yield/acre	Acres	Yield/acre
Corn		bu		bu
Grain sorghum		cwt		cwt
Wheat		bu		bu
Cotton		lbs		lbs
Sunflower		cwt		cwt
Soybeans		bu		bu
Pinto beans		cwt		cwt
Hay, forages, silage		tons		tons
Improved pasture				
Native pasture				
Other _____				

Livestock Enterprise	Head
Cow-calf production	_____ # beef cows

Stocker cattle production	_____	# calves/year
Fed cattle production	_____	# cattle fed/year
Hog production, non-contract	_____	# hogs/year
Hog production, contract	_____	# hogs/year
Other (specify) _____	_____	#/year

Is your business vertically integrated (have you expanded into input supply such as seed production or custom work, do you participate in any value-added processing of farm production such as direct produce sales to consumers, or have you become involved with related businesses such as trucking, feedyards, or gins)?	Yes	No

What range would typify your average annual gross receipts for crop and livestock sales? (please check one for crop sales and one for livestock sales)			
Crop sales		Livestock sales	
\$0 - \$49,999	___	\$0 - \$49,999	___
\$50,000 - \$99,999	___	\$50,000 - \$99,999	___
\$100,000 - \$174,999	___	\$100,000 - \$174,999	___
\$175,000 - \$249,999	___	\$175,000 - \$249,999	___
\$250,000 - \$374,999	___	\$250,000 - \$374,999	___
\$375,000 - \$499,999	___	\$375,000 - \$499,999	___
\$500,000 - \$749,999	___	\$500,000 - \$749,999	___
\$750,000 - \$999,999	___	\$750,000 - \$999,999	___
\$1,000,000 - \$1,749,999	___	\$1,000,000 - \$1,749,999	___
\$1,750,000 - \$2,499,999	___	\$1,750,000 - \$2,499,999	___
\$2,500,000 - \$3,749,999	___	\$2,500,000 - \$3,749,999	___
\$3,750,000 - \$4,999,999	___	\$3,750,000 - \$4,999,999	___
\$5,000,000 and up	___	\$5,000,000 and up	___

What is your age?	_____ years
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How long have you been a principal farm operator?	_____ years
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What is your highest education level completed? (please check one)	
Some high school	_____
High school graduate	_____
Vocational/technical school	_____
Some college	_____
Bachelor's degree	_____
Some graduate school	_____
Advanced or professional degree	_____

What is the structure of your farm business? (please check all that apply)	
Sole proprietorship	_____
Partnership	_____
Corporation	_____
Estate	_____
Trust	_____

On average, what percent of your work time did you spend on the following activities before attending the Master Marketer program and after : (<i>percentages should add to 100%</i>)		
	<i>Before After</i>	
Production	_____ %	_____ %
Farm/ranch management	_____ %	_____ %
Marketing	_____ %	_____ %
Off-farm employment	_____ %	_____ %

