

Texas Farm Business Management and Benchmarking Education and Outreach Alliance

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Introduction

The College of Agricultural Sciences and Natural Resources at Texas A&M University-Commerce is conducting a two-year outreach program designed to assist agricultural producers in the state of Texas with farm financial management, business analysis, credit analysis, and financial benchmarking. The project provides consulting services, trainings, and assistance, including the use of financial software like FINPACK and IFSaM. Our innovative poster discusses the importance of financial benchmarking for agricultural producers to help them increase their profitability and competitiveness. Financial benchmarking is an innovative approach for agricultural producers to increase their profitability and competitiveness. “Benchmarking is a longstanding and highly developed practice in the agricultural industry” (Jack, 2009). It consists of copying and improving the “best practices” within or across industries (Kotler, 2003). Financial benchmarking reports will allow agricultural producers to realize potential profits as well as highlight opportunities for reducing costs and/or increasing revenues. In fact, “numeric benchmarks can provide a ‘kick’ to producers to convince them that change is needed” (Jack, 2009). Financial benchmarking is consistent with the AAAE National Research Agenda research priority 2 to foster innovation and adoption of new strategies and technologies to feed a growing population.

How it works

The project proposes an interdisciplinary and multi-institutional alliance among Texas A&M University-Commerce, West Texas A&M University (WTAMU), and regional Texas A&M AgriLife Extension Service agencies. This partnership seeks to support the intellectual and collaborative efforts of regional farm institutions by supporting Texas farm management producers to solve agricultural and educational challenges. Texas agricultural producers benefit by comparing the benchmark of their agricultural practices with the agricultural practices from the leading states. For example, a comparison of Texas producers’ cost and revenue structures with the leading states or other regions such as the Mid-West has helped to identify ways for Texas agricultural producers to become more profitable.

Project members rely on their long-standing relationships with regional Extension Service agencies, Farm Service Agencies, credit institutions, cooperatives, and outreach programs to recruit agricultural producers. Project members are well connected to agricultural producers and have extensive experience with outreach programs, including contact information for beginning farmers and ranchers and small, socially-disadvantaged producers. Several of them are linked to or have advisory roles with producers and agribusinesses. In addition, every year A&M-Commerce hosts an Agricultural Technology Conference for regional producers in collaboration with Crops Cereal Research Incorporated (CCRI) and Texas A&M AgriLife Extension Service. WTAMU as well as the Texas A&M AgriLife Extension Service hosts several field days and other producer-related events throughout the year, which provides a great avenue for outreach.

The partnering universities will rely on and expand their current collaboration efforts with farm management and producers associations to recruit agricultural producers. The partnering universities will operate in their respective Texas region. A&M-Commerce focuses on counties in Northeast Texas, including Hunt, Hopkins, Franklin, Rains, and Wood counties. WTAMU focuses on counties in West Texas, including several counties in the top 26 counties of Texas, where Hartley county is among the top five counties in agricultural sales in the state of Texas (ERS, 2012). In East Texas, we have some dairies, forages and pasture, grains, and livestock operations while West Texas is abundant of dairies, CAFOs, and beef cow operations.

Results to date

Agricultural producers benefit by comparing the benchmark of their agricultural practices with the agricultural practices from the leading states. Project members provide professional consulting services to interested agricultural producers through FINPACK financial software (FINPACK, 2020), sponsored by USDA, to create financial statements (Income Statements, Balance Sheets, Cash Flows), conduct financial analysis (FINAN), and enter information into the national farm financial management database (FINBIN). FINPACK training and software for the project director is provided by the Center of Farm Financial Management (CFFM, 2020). Both FINBIN and CFFM are hosted at the University of Minnesota. Financial Benchmarking is conducted through FINAN and FINBIN.

The challenges encountered throughout this project will provide insight in developing strategies to increase participation of agricultural producers in financial benchmarking programs. In addition, an informative presentation discussing farm business management and financial benchmarking needs of agricultural producers and ways to address those needs will be consistent with the AAAE National Research Agenda research priority 3 of creating a professional workforce that addresses the challenges of the 21st century.

Future plans

After two years, the project plans to expand its alliance to gain a broader coverage in South Texas. Our prospective collaborators include the Weslaco Research and Extension Center where there are several livestock operations, vegetable operations, and a strong citrus industry, including grapefruit, orange, lemon, tangelo, tangerine, etc. We also plan to reach out to neighboring southern states such as New Mexico and Arizona for future collaboration.

Costs

The Texas Farm Business Management and Benchmarking Education and Outreach Alliance is a USDA-funded project for farm business management and financial benchmarking with a budget of \$400,435. The two partnering universities receive half of the budget for two years. Primary expenses include faculty release time/senior personnel (44%), graduate assistants (25%), travel (3%), miscellaneous (2%), and indirect costs (26%).

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