



Farm management

Economic Viability in perspective

FARM MANAGEMENT

How a farmer obtains and organizes scarce resources of land, labor, capital, and time so as to best achieve his goals.
(Dillon, 1980)

Factors influencing Farmers

Physical Factors



Rain



Temperature

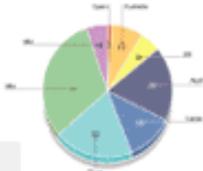


Soil



Slope

Human Factors



Market



Farm Size



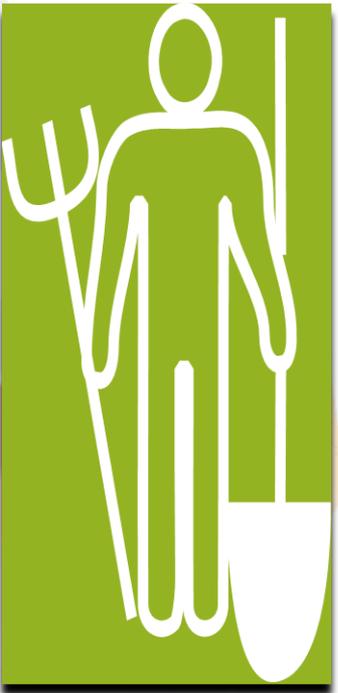
Building machinery labour



Government policy and EU subsidies

I want to make a profit.
 What shall I produce ?

What do these factors encourage you to produce?



What do these factors allow you to produce?

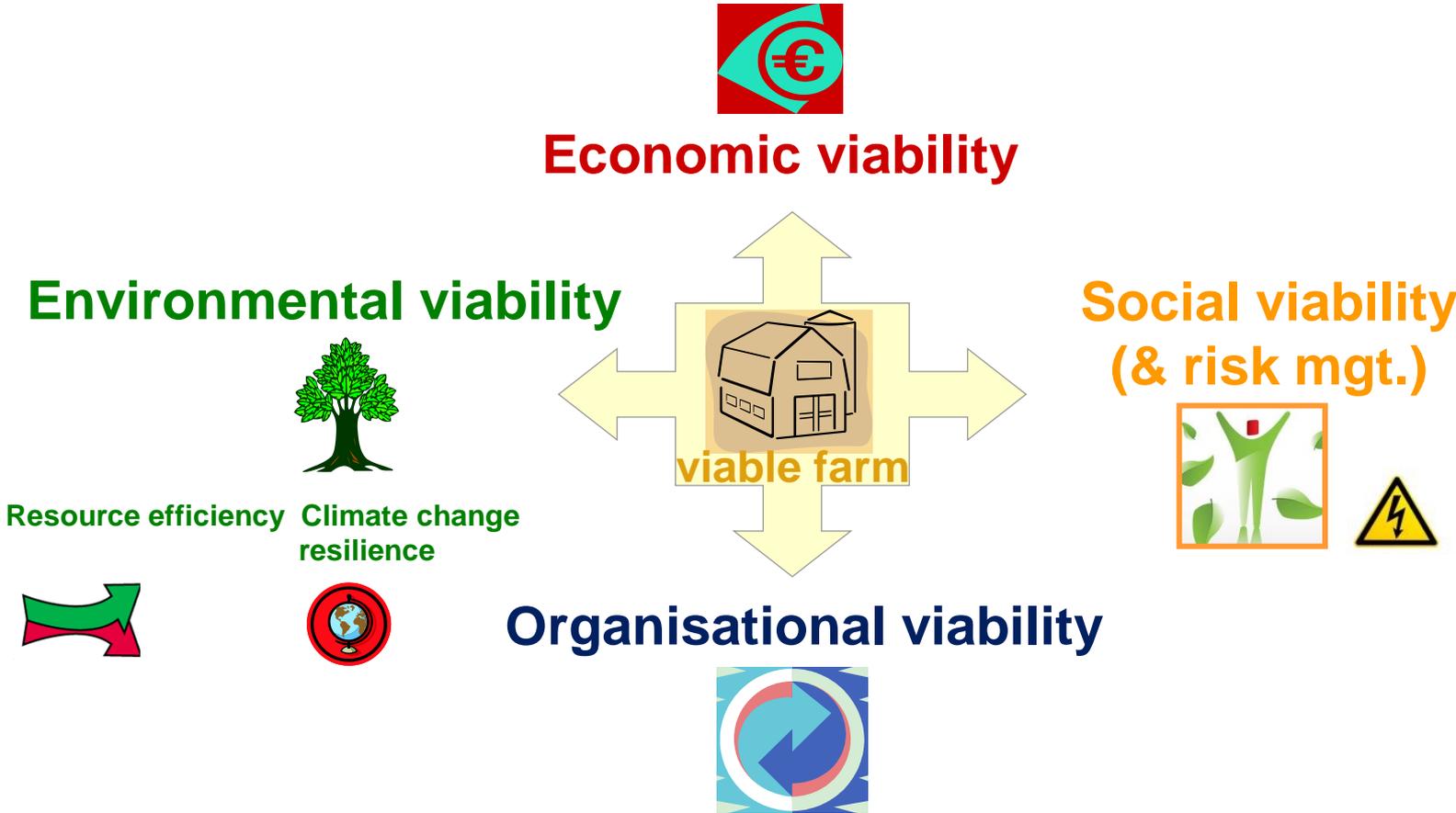
Sheep ?

Cattle ?

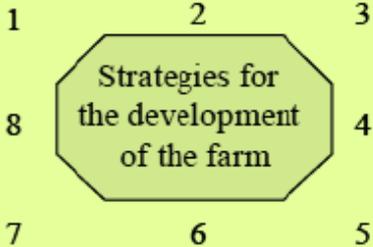
Fruit ?

Cereals ?

The Four Bottom Lines!!



Strategies for farm development if economic viability exists:

<p>Enlargement of capacity by expansion of land use</p> <p>With or without expansion of animal production</p>	<p>Enlargement of capacity by expansion of animal production</p> <p>(internal increase)</p>	<p>Different use of capacity by change of degree of specialisation</p>
<p>Abandonment of farming</p> <p>Partly</p> <p>Whole farm</p>		<p>Enlargement of capacity by services and vertical integration</p>
<p>Expansion of the non-agricultural employment</p> <p>Possibly combined with Addition to capacity or new organisation of the farm (simplification)</p>	<p>External business</p> <p>contractor</p>	<p>Co-operation with other farmers</p> <p>Collaboration, collective investment, fusion</p>



Sustainable farm management

The goal of SUSTAINABLE FARM MANAGEMENT is

- efficient employment of **production factors**
- reduce the level of **production risk** (from prevailing environmental conditions)
- protect the potential of **natural and human resources** (e.g. soil and water quality) and
- be **socially** acceptable
- to maintain and improve **competitiveness** in all areas
- which in turn is the precondition for generating financial surplus to **safeguard farm operations in the long term**
- **be economically viable**

Group exercise

Four Main Tasks and **your Time management:**

1.)

Analyse the current situation (read text and sketch a map of the farm indicating the main resources) **max 10 Min**

2.)

Formulate some goals for this farm **max 10 min**

3.)

Explain how you will achieve these goals **max 15 min**

4.)

Presentation in plenum **max 3 min**



Exercise: Analysis of the current situation

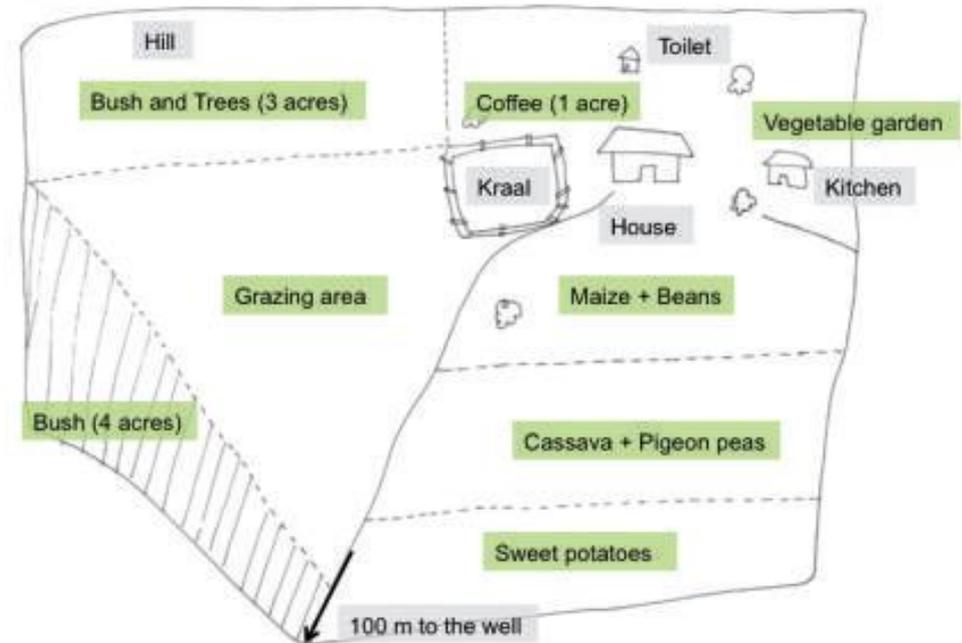
Farm 1 & 2

Read the story (5 min)

Please briefly sketch a map of the farm, indicating key resources! (5 min)

!Be creative!

Example: farm map indicating the key resources



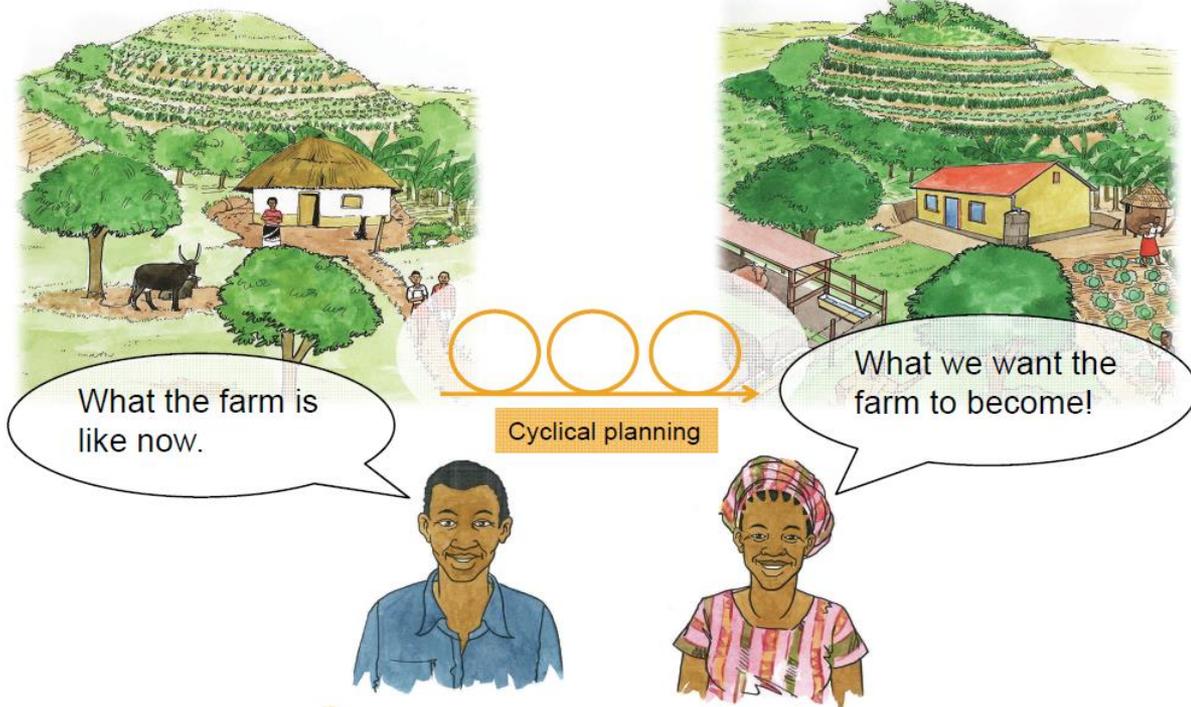


Exercise: Setting up goals

What are short and long term goals for your farm?
(most important 3 realistic examples only!)

-
-
-

(10 min)





Exercise: Strategy

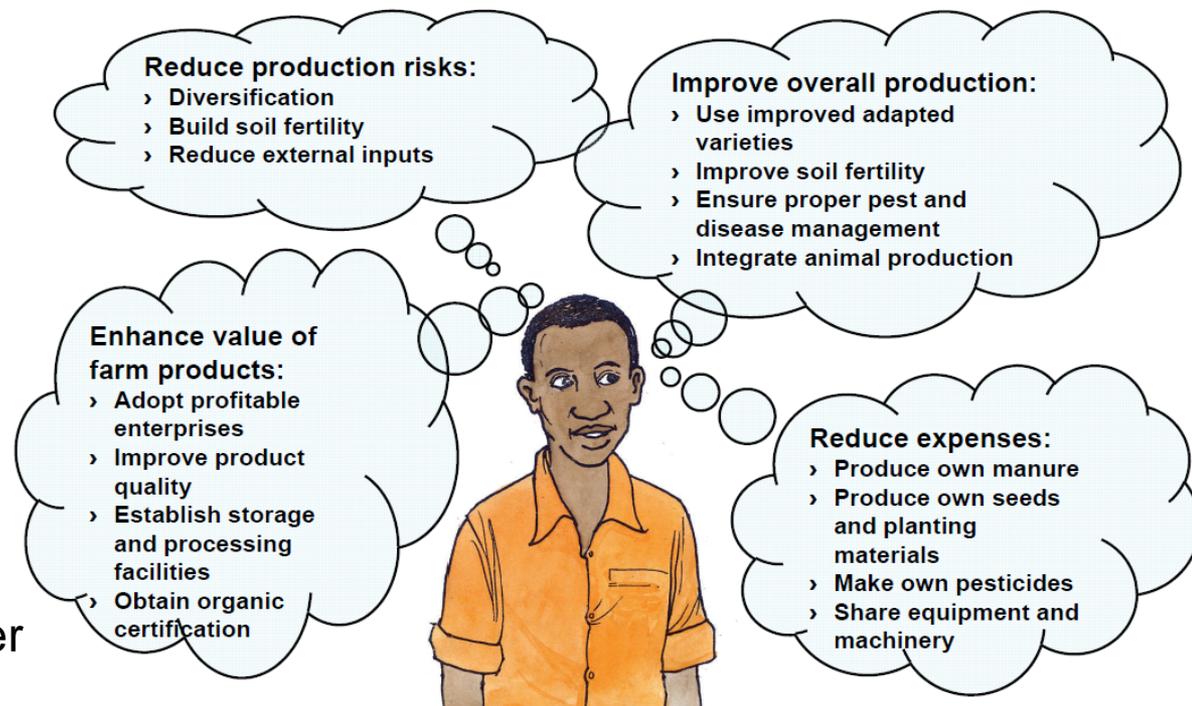
How do you want to achieve your goals in a sustainable way?

What are possible limitations?

What would be needed in the long run?

!BE REALISTIC!

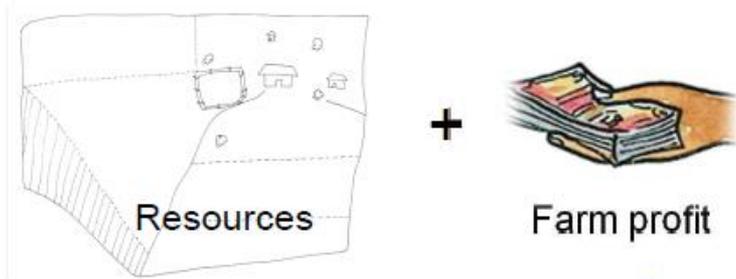
(20 min) and 3 min presentation in plenum per group



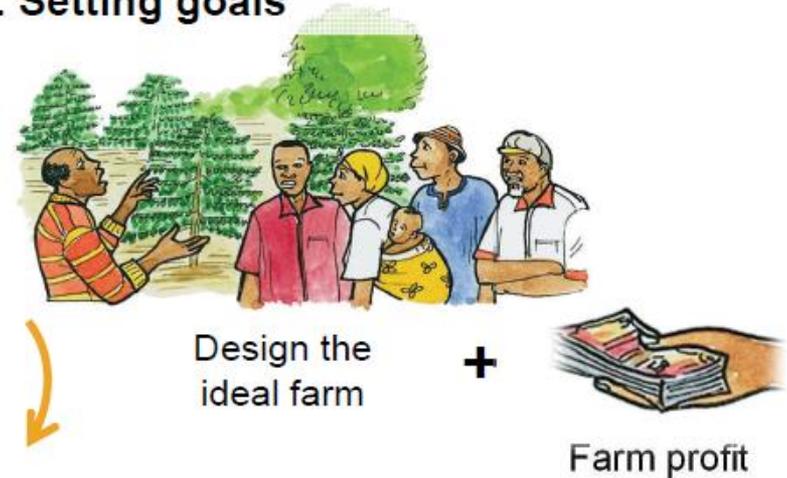


Summary: Whole farm planning

1. Analysis of the farm situation



2. Setting goals



4. Monitoring



Goal	Activity	...
Goal 1	✓	
Goal 2	✓	

3. Action plan



Goal	Activity	...
Goal 1		
Goal 2		



Conclusion

WHOLE FARM PLANNING

- to incorporate a **long term vision**
- to maintain and improve **competitiveness** in all areas
- to **efficiently employ resources**
- to reduce negative impacts and increase positive **impacts on the society and the environment**
- to improve the **quality of life**

Summary: A sustainable farm management should:

use efficient employment of **production factors**, **reduce** the level of **production risk** (from prevailing environmental conditions), **protect** the potential of **natural and human resources** (e.g. soil and water quality), **be socially** acceptable to maintain and improve **competitiveness** in all areas, which in turn is the precondition for generating financial surplus to **safeguard farm operations in the long term**

be economically viable

These factors ideally should be reflected in a farm strategy.

To **develop a strategy**, the **farmer as business person** need to identify and evaluate management alternatives and to **develop and implement an action plan**.

Ideas for management alternatives may come from discussions with the family, from neighbours, from farmers associations, from planning tools, from extension work, or from agency experts.....