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The Executive Institute for Commercial Producers Program

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The Executive Institute for Commercial Producers Program

Abstract

As the business environment changes, the long-term success of farming operations requires farm managers to develop better business management skills. The Executive Institute for Commercial Producers (EICP) program provided a comprehensive management curriculum of strategy, finance, business marketing, and human resources. The multi-session workshop stimulated commercial farmers to think about their business from a strategic perspective and make decisions about how to take advantage of business strengths. To further expand the educational outreach, teaching materials were converted into a Web-based format that includes text resources explaining and applying the concepts to today's farm business, annotated PowerPoint presentations, and exercises.

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Introduction

Because of rapid changes in production technology, farmers have developed strong technology evaluation skills. But today the business environment and business relationships are also changing quickly. Many commercial producers are looking for ways to be highly successful long-term participants in the agriculture of the future. These farm managers must either have or acquire a comprehensive set of finance, marketing, risk management, and strategic skills. Purdue University has developed a program, in collaboration with Farm Credit Services of Mid-America, designed to teach these skills.

In 2000, Farm Credit Services of Mid-America approached the Center for Food and Agricultural Business at Purdue University's Department of Agricultural Economics about developing a management development program for its customers. As a result, a team of specialized faculty and staff at Purdue was formed to develop a curriculum to teach commercial farmers to be highly effective general business managers. This article describes the innovative program developed, the Executive Institute for Commercial Producers (EICP).

Project Approach

Participants were drawn from leading farm businesses in the four states that Farm Credit Services of Mid-America serves (Indiana, Ohio, Kentucky, and Tennessee). Invitations to participate in the program were extended by Farm Credit Services to successful, growth-oriented farm managers, their business partners, and their spouses.

The specific objectives for designing the program were as follows.

1. Improve participant skills and capacity in the four areas of strategic management, financial management, business marketing, and human resources;

2. Develop a written business plan;
3. Develop the capacity to review, revise and update a business plan; and
4. Facilitate development of a network of peers.

Developing a written business plan was the central pillar of the team's curriculum. Asking participants to go through the difficult process of building a written business plan provided both a central focus and an end product. Building a business plan provided a forum for critical thought into how a business selects strategies and allocates resources.

Program Delivery

The EICP was organized in four 2.5 day workshops spread over a 12-month period. The first three sessions were held on the campus of Purdue University, and the final session was held at Farm Credit Services of Mid-America offices in Louisville, Kentucky. This process was conducted three times for three separate groups of farm families. The multiple session format allowed participants an opportunity to apply concepts presented during the workshop to decisions on their respective farms while the program was unfolding.

Three key concepts in the pedagogical design of the program were integration, illustration, and application. Of these, *integration* may be the most important. A primary feature of strategic decisions is that they rarely involve a single area of the farm business; i.e., adding a new enterprise will likely have financial, operational, people, and marketing dimensions. Hence, throughout this program the linkages among strategy, finance, marketing, and people were a point of focus.

An *integrated case study* developed specifically for the program provided an outstanding tool to promote understanding of the integrated nature of these decisions. In addition to the written case, a 45-minute video introduction for the case study was developed, providing participants with an even more realistic learning experience.

Illustration of the concepts in action was important to the program's success. Participants were able to learn from guest producers who had put the tools to work in their farm businesses. Likewise, interaction among peers as the program unfolded provided valuable illustrations of important concepts. The case study also illustrated best practice use of the concepts.

Finally, *application* of the concepts to the participants' farm business forced the participants to explore how and where they would use the concept to make a more effective business decision. Application was promoted in a variety of ways including:

1. Practical in-class exercises allowing the participants to apply concepts in real time;
2. Assignments completed between workshop sessions with presentations at subsequent sessions that helped apply the concepts to the producers' business and ultimately contributed to the completion of the producers' business plans;
3. Completion of a written business plan; and
4. Oral presentation of the business plan to class peers.

The development team has extended the EICP curriculum to the broader Extension community. The EICP teaching materials were converted into a Web-based format for distribution to all Extension educators across the nation. This phase, known as Strategic Business Planning for Commercial Producers, includes extensive writings to explain and apply the concepts to farm businesses, PowerPoint presentations with complete presenter's notes that aid educators in delivery, and hands-on exercises. It is available at <<http://www.agecon.purdue.edu/extension/sbpcp/>>.


Results

Since the implementation of the project, the team has observed a marked change in how farm managers view the strategic focus of their businesses. As a direct result of this program, several farms have revised and improved their core value creation strategy. For example:

- A family hog operation in Central Indiana has doubled the size of its operation by entering a joint venture that allows a son to be brought into the operation.
- Another operation in Ohio has developed a custom farming operation involving a strategic alliance with other local producers to share equipment and pool product purchases.
- Yet another producer, in the horticulture industry, has used the information from this course to understand the critical elements of switching his operation from a wholesale supplier to a high volume supplier to retail chains such as Lowe's and Wal-Mart.

The peer group developed serves as a longer-term resource group feedback on management issues. To continue opportunities for networking in the future, an alumni program has been developed. The EICP class graduates have gathered twice in Louisville to attend sessions taught by the Purdue team and meet graduates of the other classes. These activities had been specifically requested by the classes, and the content has been developed by leaders elected from the classes.

Material and methods used in the class have been used in teaching, research, and Extension activities. A variety of resources used in the EICP program have since been used as teaching materials in the undergraduate classroom. For instance, the case study used throughout the program has now been used in two undergraduate classes. Other case studies, exercises, and lectures are finding use in other teaching and Extension programs. New programs based on the EICP model and materials are in development with Farm Credit Service's own employees. The teaching team at Purdue University has discussed further programs with public and private partners.

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