



Management for Ag Families Risk

Risk Management for Ag Families

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Risk Management For Ag Families Education Team:
University of Wyoming,
Montana State University, North Dakota State University,
and South Dakota State University Extension cooperating

agecon.uwyo.edu/RiskMgtForAgFamilies

**RISK MANAGEMENT FOR AG FAMILIES:
AN INTEGRATED CURRICULUM WITH IMPACT ACROSS FOUR STATES**

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Given the importance of risk management skills in improving agricultural firm viability, it is noteworthy that little research has been published regarding the impact of risk management education programs on producer behavior and knowledge levels. The available research literature suggests that integrated educational programs offered in a number of short educational sessions coupled with hands-on applications between program offerings greatly improves depth of knowledge and significantly changes behavior of individuals. Our "Risk Management for Ag Families" curriculum offers an integrated approach for managing a livestock operation amid a risky business environment awaits producers and families in an educational program. The purpose of the "Risk Management for Ag Families" program is to provide livestock producers and their families in with the tools and skills to improve agricultural farm viability.

The program structure consists of four short workshops. "RightRisk: Managing Risk" takes producers through a simulated an alfalfa/cow-calf operation utilizing a risk management software. "Managing Your Family Finances" introduces concepts and tools to assist the family with financial stability and security. "Why Producers Need to Understand Financial Analysis" provides producers with concepts and tools that can be used to complete adequate financial analysis. "Risks in the Family Business" focuses on complex issues about human and family relations. The programs include hands-on activities on risk management, family and farm financial management, and human relations concepts to practice what they have learned. Students will have access to written materials, hands-on computer training, online materials, and software.

The RightRisk simulation is designed to help farmers or ranchers understand and explore risk management decisions and evaluate the effects of those decisions. Objectives for this portion of the program include:

- Measurement of producer contacts.
- Increased knowledge of sources of risk.
- Increased knowledge of integrating risk management strategies into operation.
- Improved understanding of the impact of risk management decisions on operation profitability.
- Increased awareness of potential risk management alternatives.
- Improved assessment of risk management strengths and weaknesses.
- Learn techniques to assess risks and develop plan to mitigate those risks.

Planning for Financial Stability and Security: Managing Your Family Finances focuses on concepts and tools to assist producers with financial management. Objectives for this portion of the program are to:

- Increase awareness of family financial risks.
- Learn about the characteristics of a financially literate person
- Assess their financial stability.
- Understand the importance of evaluating debts in order to plan a strategy to handle debt.
- Learn how to use PowerPay Debt Analysis© software.
- Gain an understanding of the basic concepts of the estate planning process for the family business owner.
- Increase their awareness of resource alternatives for rural families in business.

Can I Survive in Ag: Why Producers Need to Understand Financial Analysis, looks in-depth at measuring business performance, the impact of family financial structure, and the role of government programs in the viability of today's agricultural operations. This portion of the program challenges participants to find answers to the following questions:

- Do you have a written business plan or are you just rolling with the flow?
- Do you have a management team? If so, are the right people on the team? If not, why not? Who are the right people?
- A lack of a plan indicates a willingness to accept whatever comes along!
- Plans can exist in various stages of development and level of formality. Is yours developed well enough and has it been formalized and made known to your management team, family members, partners, lenders, etc.

Risks in the Family Business draws from the online Enterprising Rural Families course to focus on the distinctive risks that characterize family businesses: the interaction of individuals, the family, the business, and the surrounding community. Specific objectives for this portion of the program are to:

- Increase awareness of family business risks.
- Increase knowledge of risk mitigation alternatives.
- Assess the family business balance.
- Increase the awareness of resource alternatives for rural families engaged in business.

The program is partially funded by a Four State Ruminant Consortium grant provided by United States Department of Agriculture and is intended for livestock producers in the Northern Great Plains. The project partners are University of Wyoming Cooperative Extension Service, Hettinger, North Dakota Research and Extension Center, Montana State Cooperative Extension Service, and South Dakota State Cooperative Extension Service.

Those interested in “Risk Management for Ag Families” workshops can obtain information at agecon.uwyo.edu/RiskMgtForAgFamilies.