

## COURSE SYLLABUS

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- COURSE:** AGEC 3403  
Farm Business Management  
Fall 2007
- DESCRIPTION:** Application of economic principles for the profitable organization and operation of the farm business. Focuses upon agricultural production management decision-making tools: budgeting techniques (enterprise, partial, cash-flow), balance sheet, income statement, investment analysis and risk management. Lecture 3 hours per week.
- PREREQUISITE:** None. Accounting principles, financial formulae, arithmetic, computation, economic reasoning, and use of the computer (Excel spreadsheets) are integral to management. Students who are motivated, responsible, and interested to learn can master the material in this course without having had previous courses in these areas. Students who lack these attributes (motivation, responsibility, interest to learn) will find the course to be difficult.
- RECOMMENDED:** (a) AGEC 2143 Agribusiness Financial Records, WCOB 1023 Business Foundations, or an introductory accounting course;  
(b) AGME 2903 Microcomputer Applications, WCOB 1120 Computer Competency Principles, or equivalent;  
(c) AGEC 1103 Principles of Agricultural Microeconomics, ECON 2023 Principles of Microeconomics, or equivalent.
- INSTRUCTOR:** Dr. Lucas D. Parsch  
**OFFICE:** 225 Agriculture Building  
**PHONE:** 479-575-2323  
**E-MAIL:** lparsch@uark.edu  
**FACSIMILE:** 479-575-5306
- OFFICE HOURS:**
- Tuesdays and Thursdays are the best days to see me.
  - MWF between 10:30 a.m. and 3:30 p.m. are the worst times to see me.
  - I will try to be available MWF between 3:30 p.m. and 5:00 p.m.
  - At other times you will find that I am generally in the office.
  - An appointment is not necessary, but a call may save you time.
  - I encourage your questions—especially in class—because it enables everyone to hear and learn from your question.
- TEACHING ASS'T:** Shannon Powell  
**OFFICE:** 304 Agriculture Annex  
**PHONE:** 575-2530  
**E-MAIL:** snpowel@uark.edu  
**OFFICE HOURS:** TBD
- CLASS TIME:** MWF 11:30 a.m.-12:20 p.m., AGRI 115
- TEXTBOOK:** Kay, Ronald D., William M. Edwards, and Patricia A. Duffy. 2008. *Farm Management*. 6th Edition. McGraw-Hill Publishing Co. NY. (*Purchase in bookstore. Other readings may be placed on reserve in Mullins Library during the semester.*)

COURSE OBJECTIVES AND RATIONALE

The objective of the course is to introduce the student to managerial concepts and decision-making tools and to develop competency in applying them to farm business management situations. Specific goals include the following:

- 1) To illustrate the role of the manager and decision maker on farms and ranches.
- 2) To introduce decision-making tools (e.g., records, budgeting, breakeven analysis, capital investment, risk management) useful to the manager in planning and controlling the farm or ranch business.
- 3) To discuss factors which affect the decision-making process and the profitability of a farm or ranch business.
- 4) To expose the student to the use of spreadsheets as agricultural decision-making aids.

The focus of AGECE 3403 is on principles, concepts and tools that can be used in farm and ranch management. The basic elements of the course are also extendable to agribusiness management as well as to management of non-agricultural businesses. A principal objective is to instill in each student a working knowledge of these principles, concepts, and tools so that they will be capable of recognizing management-decision opportunities and subsequently, to analyze them by recalling and utilizing the appropriate tools. Thus, the course should help the student to develop competence and confidence in conceptualizing and analyzing farm business management problems using appropriate techniques.

COURSE PROCEDURES

- **Grading system.** Weighting for the final course grade will be according to the following schedule:

Quizzes (13 drop 3)	10% of final grade
Midterm Exams (2)	45% of final grade (20% lowest, 25% highest)
Final Exam	30% of final grade
Homework (10-12)	15% of final grade (no drops)

- **Percentile breaks.** The tentative percentile break points for grades will be:

Percentile Breaks	Grade Points	Percentile Breaks	Grade Points
Score (%) ≥ 93 = A	4.00	77 > Score (%) ≥ 73 = C	2.00
93 > Score (%) ≥ 90 = A-	3.67	73 > Score (%) ≥ 70 = C-	1.67
90 > Score (%) ≥ 87 = B+	3.33	70 > Score (%) ≥ 67 = D+	1.33
87 > Score (%) ≥ 83 = B	3.00	67 > Score (%) ≥ 63 = D	1.00
83 > Score (%) ≥ 80 = B-	2.67	63 > Score (%) ≥ 60 = D-	0.67
80 > Score (%) ≥ 77 = C+	2.33	60 > Score (%) = F	0.00

- **“Curved” grades.** I reserve the right to adjust percentile breaks downwards, i.e, to use a “curve” in grading. However, there will be no “curving” of an individual exam, homework exercise, or quiz. If there is a curve, it will be applied during calculation of final grades. Final grades for individual “borderline” cases may be adjusted for class participation and attitude as well as trend and consistency in performance.

- **Exams.** Two one-hour exams and a comprehensive final will be given during the course. The final exam will not be returned. A calculator may be used in all exams. Laptop computers, cell phones, and other hand-held electronic communication devices are not permitted during exams.
- **Missed exams.** Missed examinations which are unexcused will result in a grade of zero. No makeup exams will be given for unexcused absences. If you have a medical emergency or will be absent because of a University related event contact me prior to the exam so you won't be given a zero for scheduled exams. For excused absences, the weight of your final exam will be increased accordingly to compensate for the excused, missed exam.
- **Quizzes.** Both unannounced and announced quizzes may be given. Because all students will be permitted to drop a specified number of quizzes at semester's end, no makeup quizzes will be given if a student is absent.
- **Homework exercises.** Approximately one homework will be assigned each week when there is not an exam. You may work together in groups of two on assignments. This is permitted as a learning technique and equal participation of both parties is required. Although students are encouraged to study and learn together during homework exercises, this does not imply having someone else doing your work for you. Each student will turn in his own completed exercise unless otherwise directed. All homework exercises must be submitted as hardcopy. Submission by email is not accepted.
- **Late homework exercises.** Homework exercises not turned in at class time on the due date will be assessed the following penalty: First day (i.e., first 24 hour period after lab ending time) = 20% penalty; second day 35%; and, third day 45%. No credit will be given after three class days. All assigned homeworks are required, i.e., there is no dropping of homework exercises.
- **Cheating.** Cheating will not be tolerated and will be dealt with in the strictest possible way in accordance with University policy.
- **In-class "starter" questions.** I often start the class with questions about the previous lecture or reading assignments. Usually, the targeted respondent is randomly selected from a deck of "class cards." The purpose of the questions is for review and discussion, but basic information about the interchange may be recorded and used in assigning the final grade.
- **Miscellaneous items.** Classroom "no-nos" include: Hats and caps, food and drink, tobacco products, ringing cell phones, text-messaging, and use of electronic hand-held communication devices.
- **Course outline and calendar schedule.** See "Course Outline and Reading Assignments."
- **Tentative exam schedule.** Tentative examination schedule is as follows:

Exam 1	Friday, September 28	11:30 - 12:20 p.m.
Exam 2	Friday, November 9	11:30 - 12:20 p.m.
Final Exam	Monday, December 10	7:30 - 9:30 a.m.
Last day to drop class with grade of W		Friday, October 26
- **Distribution of class materials.** Lecture notes and other class materials will be made available to students over the AGEC 3403 website on WebCT using files with a "pdf" extension (i.e., *filename.pdf*). In order to access these materials, students will need to acquire Adobe Acrobat Reader software which is available at the following website: <http://www.adobe.com/>.

- **Final grade.** Once the final exam has been given (see date above) the course is over. No additional, supplementary work over and beyond the materials described above in this syllabus will be accepted as evidence of proficiency in the materials covered in the course, nor for the purpose of altering the final grade. The final grade in the course will be based on materials submitted by the date of the final exam.
- **Disability (ADA).** If you need accommodation due to a disability, please make arrangements to discuss this with me in my office.
- **Inclement weather.** Class will be cancelled whenever University offices are officially closed as a result of bad weather. You should always use your own best judgement about the risks of coming to class during bad weather in those cases when the University is not officially closed. If you are to miss class because of inclement weather, you should inform the instructor by email or telephone, before class begins.

AGEC 3403 Farm Business Management  
**Course Outline and Reading Assignments† - Fall 2007**

Pd.	Date	Lecture Subject or Topic	Reading	HW	Homework Exercise
1.1	20-Aug	Course procedures and organization			
1.2	22-Aug	Farm statistics and facts	KED 1, esp. pp. 7-10		
1.3	24-Aug	Developing a farm profile	KED 2	1	Farm profile
2.1	27-Aug	Management and decision-making	KED 3		
2.2	29-Aug	Records and accounting systems	KED 4		
2.3	31-Aug	Depreciation and asset valuation			
3.1	3-Sep	Labor Day Holiday			
3.2	5-Sep	Developing depreciation tables	KED 5	2	Depreciation schedule
3.3	7-Sep	Financial records: Balance sheet			
4.1	10-Sep	Ratio analysis: Solvency, liquidity			
4.2	12-Sep	Developing a balance sheet	KED 6	3	Balance sheet
4.3	14-Sep	Financial records: Income statement			
5.1	17-Sep	Profitability measures: Rates of return			
5.2	19-Sep	Developing an income statement	KED 18	4	Income statement
5.3	21-Sep	Farm business performance measures			
6.1	24-Sep	Enterprise budgeting			
6.2	26-Sep	Enterprise budgets and profit	KED 10	5	Crop enterprise budget
6.3	28-Sep	Exam 1 (Periods 1.1 to 5.3)	KED 1-6, 18		
7.1	1-Oct	Working with CES crop budgets			
7.2	3-Oct	Enterprise budgets: Cost of production		6	Livestock budget
7.3	5-Oct	Partial budgeting	KED 11		
8.1	8-Oct	Developing a partial budget		7	Partial budget
8.2	10-Oct	Cash flow budgeting	KED 13		
8.3	12-Oct	Developing a cash flow budget		8	Cash flow budget
9.1	15-Oct	Investment analysis	KED 17		
9.2	17-Oct	Time value of money			
9.3	19-Oct	Developing a time value spreadsheet		9	Time value
10.1	22-Oct	Capital budgeting and NPV			
10.2	24-Oct	Capital budgeting and NPV	KED 17		
10.3	26-Oct	Financial feasibility vs. profitability			
11.1	29-Oct	Calculating NPV in capital budgets		10	Capital budgeting
11.2	31-Oct	Capital, credit and loans	KED 19		
11.3	2-Nov	Capital, credit and loans			
12.1	5-Nov	Determining loan payments		11	Loan repayment
12.2	7-Nov	Risk and uncertainty	KED 15		
12.3	9-Nov	Exam 2 (Periods 6.1 to 11.3)	KED 10,11,13,17,19		
13.1	12-Nov	Risk and uncertainty			
13.2	14-Nov	Risk and uncertainty			
13.3	16-Nov	Land use and control	KED 20		
14.1	19-Nov	Land use and control			
14.2	21-Nov	Academic Holiday: Fall Break			
14.3	23-Nov	Thanksgiving Holiday			
15.1	26-Nov	Farm business organization	KED 14		
15.2	28-Nov	Farm business organization			
15.3	30-Nov	Income tax topics	KED 16		
16.1	3-Dec	Summary and overview			
16.2	5-Dec	Dead Day			
16.3	10-Dec	Final Exam 7:30 - 9:30 a.m.	Comprehensive		

†Tentative course outline. Topics, dates of presentation, and length of time spent on each topic may change. Midterm exam dates are approximate and may be revised given the actual class time to cover the lecture material. Readings designated KED are chapters in Kay, Edwards, and Duffy (2008), Farm Management, 6th Edition, McGraw-Hill.