

**Each team will complete and turn in only one copy of these pages. Other copies can be used to make notes and calculations**

**2010 National FFA Farm Business Management  
Career Development Event  
Team Activity**

**Expectations:**

The team activity evaluates the ability of a team's members to work together to use decision making and problem analysis skills while applying economic principles and concepts taught in farm business management.

**Evaluation:**

The team activity portion is evaluated as follows:

- involve all members of the team
- organize the team effort
- communicate with each other in resolving issues relating to the current situation
- reach consensus and agreement
- complete the analysis of possible alternatives and solutions
- communicate and submit in writing the team's consensus of solutions.

**Team Activity Focus:**

- Using the resource information answer the following questions  
**Note not all of the following questions relate directly to the resource information**

<b>1. What are the strengths of the Boone farm (List two possible answers)</b>
(5 points)  Diversification of the farm business
(5 points)  All financial ratios are very strong
Other possible answers: management of the business, The financial position is strong

  

<b>2. What are some threats to the Boone farm business? (List three possible answers)</b>
(5 points)  Labor supply and cost
(5 points)  Changes in the world economy
(5 points)  Weather
Other possible answers: Lack of estate planning; Failure in estate planning, lack of management team, loss of owner through death or injury, image or reduced use of tobacco

  

<b>3. Mr. Boone's financial advisor has suggested that he write a vision statement for the Boone farm business. The financial advisor told Mr. Boone that if he would answer the following futuristic questions, he would help him write a vision statement. Assume that your team is Mr. Boone and answer the following questions.</b>
<b>a. What would you like your farm business to be like in 10 years? (List two possible answers)</b>
(5 points)  Have children as partners
(5 points)  Have created a family corporation or LLC
Other possible answers: Expand vertically or horizontally or both, a clearly defined business plan established, an estate plan developed, more owned land, more long term rental arrangements on land,

**b. What will be the purpose of your farm business?**

(5 points)

To produce high quality crops and cattle at a profit

Quality of life for the family

Pass the business to the next generation

**c. What products and/or services will your farm business provide?**

**List three products and/or services. (15 points)**

1. Employment for the family

2. Corn

3. Cattle

Other possible answers: Tobacco, soybeans, hay, and grass hay; custom feeding operation added, efficiently produce high quality crops

**d. What will the community see as the valued characteristics of this farm business in the future? List two characteristics. (10 points)**

1. Known as a showcase for environmental stewardship

2. The farm will be a respected farm business both in the local community and in the larger agricultural industry in the state and the region

Other possible answers: known as a showcase for agriculture enterprise, recognized as a place for educational tours, known as philanthropic/generous by providing scholarships for students interested in agriculture and sponsoring youth programs, recognized as a source of local information on the value/importance of agriculture

<b>4. The Boone farm has been raising burley tobacco, which is a crop that requires a high variable cost per acre. The enterprise budget shows that the expected cost per acre on cash rented land will be over \$3,000. Mr. Boone is concerned about protecting the investment.</b>
<b>a. List three ways he could reduce this investment risk.</b>
(5 points)  Contracting price and quantity with a tobacco company
(5 points)  Establishing an irrigation system
(5 points)  Planting disease resistant varieties
Other possible answers: Using crop insurance, additional drainage, selecting varieties that produce a high quality crop
<b>b. What are potential risks (not noted in question 4.a.) associated with the production of Burley tobacco? List three potential risks.</b>
(5 points)  Loss of market due to image of tobacco
(5 points)  Drought
(5 points)  Crop disease
Other possible answers: Hail and other weather damage, drop in market value, loss of the contract due to quality, regulation of tobacco use
<b>5. Almost all of the Burley tobacco raised in the United States is marketed overseas. What effect does a weak U.S. dollar have on the export of tobacco?</b>
(10 points)  A weak U.S. dollar makes U.S. products less expensive in foreign markets and therefore has the potential to increase the export of tobacco and other agricultural products

**6. Conversely, what effect does a strong dollar have on the export of U.S. agricultural products?**

(10 points)

A strong U.S. dollar makes U.S. products more expensive in foreign markets and therefore has the potential to decrease the export of tobacco and other agricultural products.

**7. Mr. Boone transplants 6500 tobacco plants per acre into his fields. He has been considering growing his own plants from seed for transplanting in a greenhouse on his farm. What analysis tool do you recommend he use to determine the feasibility of this idea?**

(10 points)

Partial budget	Whole Farm Budget
Enterprise budget	Cash Flow Projections
Capital Investment analysis	

**8. What are some of the additional expenses he might incur if he were to grow his own plants from seed? (10 points)**

(5 points)

Increase in labor costs

(5 points)

Capital outlay for a greenhouse facility

Other possible answers: capital outlay for seed equipment, energy costs for heating greenhouse, pesticides, specialized equipment for greenhouse production

**9. Using the Burley tobacco (cash rent R 18) enterprise budget,**

**a. What will the total receipts be if the Boone farm has a 5% decrease in yield?**

(5 points)

\$3432

**b. With a 5% decrease in receipts will the enterprise be profitable?**

(5 points)

YES

**10. The Boone farm has several full time employees. What additional costs may be incurred by the farm operation when you have full time employees? List at least four answers. (20 points)**

1. Insurance

2. Workman's Comp

3. Housing

4. Paid vacation

Other possible answers: Social security, Federal unemployment tax, benefits package, transportation, retirement,

**11. The Boone Farm has been selling their tobacco through a marketing cooperative. What are the characteristics of a cooperative? (page 10-12 FRBM) List four characteristics. (20 points)**

1. Owned by members who use them

2. Member controlled one vote per member

3. Profits are shared through a patronage refund or dividend

4. Members elect board of directors (elected board)

Other possible answers: Members share the risk, Designed to make a profit for the members not for the business

**12. List three important skills or competencies you have learned as a result of your participation in the Farm Business Management CDE. (15 points)**

1. Management skills

2. Teamwork skills

3. Decision making skills

Other possible answers: Specific skills and competencies related to principles of farm business management