

Farm and Agribusiness Management

Nebraska Career Development Event
Handbook and Rules for 2023-2026

1. PURPOSE

The Nebraska FFA Farm and Agribusiness Management Career Development event provides students with an understanding of the basic tenets of (a) economic principles related to business management, (b) use and analysis of records to manage resources, (c) functions of risk management, and (d) business management. Students will be asked to recall and apply the material to actual and hypothetical management scenarios meant to replicate management decisions on farms, ranches, and other agricultural production units.

2. OBJECTIVES

Participants will demonstrate their ability to:

- Analyze business management information.
- Apply economic principles and concepts of business management to the decision-making process.
- Evaluate business management decisions.
- Work together cooperatively as a team.

PRINCIPLES AND CONCEPTS

These principles and concepts may be included in each section of the event:

Financial Statement Analysis (FRBM, CH 2, 3)

- Cash vs. Accrual
- Financial Statements
- Chart of accounts
- Financial Ratios
- Liquidity
- Solvency
- Profitability
- Financial efficiency

Budgeting (FRBM, CH. 4)

- Partial budgets
- Whole-farm or business budgets
- Enterprise budgets
- General operating budgets

Cash Flow Planning (FRBM, CH. 2, 4)

- Cash flow analysis

Marketing (FRBM, CH. 6)

- Commodity and agribusiness marketing

Income Tax (FRBM, CH. 8)

- Tax status

- Tax information

- Deductions

Investment Analysis (FRBM, CH. 7)

- Time Value of Money
- Simple Interest vs. Compounding Interest
- Present Value
- Amortization
- Partial vs. Full Investment Analysis

Risk Management (FRBM, CH 11)

- Categories of risk
 - Financial
 - Market
 - Legal
 - Production
 - Human resources
- Risk management process
- Risk management plan

Farm Business Organization (FRBM, CH. 9)

- Business Organizations
 - Sole Proprietorship
 - Partnership
 - Farm Corporations
- Business structure characteristics of a business organization
 - Ownership
 - Liability
 - Compensation of Management

Land Measurement (Supplement)

- Real estate acquisition
- Land values
- Crop and pasture rent equivalence

Analyzing an Agriculture Business (FRBM, CH. 5 + Various Others)

- Strategic management
 - Vision statement

- Mission statement
- Goals

- Tactical planning
- Operational planning
- Succession planning
- Estate planning

Family Living (FRBM, Various)

- Applying the concepts of management, organization, tax, and finance to an individual or family

Economic Principles (FRBM, CH. 5, 6)

- Utility
- Demand and Supply
 - Market Shifters (Determinants of Supply/Demand)
- Marginal Cost and Marginal Revenue
- Profit Maximization

3. ELIGIBILITY

- The Farm and Agribusiness Management CDE is a non-qualifying event at the state level.
- A team consists of four members. A team score consists of the total of four individuals' scores on the written exam plus the team activity score (all certified members must participate in the team activity)
- Cheating will result in immediate disqualification of the individual or team from activity as well as from individual and team awards.
- Copies of the complete event with answers are distributed to all who are present at the event evaluation meeting.

4. RECOMMENDED ATTIRE

It is highly recommended that participants wear FFA Official Dress for this event.

5. REQUIRED SUPPLIES & EQUIPMENT

Equipment Required by Participants

- Non-programmable calculator

Equipment Provided by the CDE Event

- Two sharpened No. 2 pencils or equivalent
- Scratch paper
- Test booklet
- Scantron (individual event only)
- Laptop/Desktop (team event simulation only)

6. EVENT SCHEDULE

There will be three event activities each consisting of 70 minutes of activity and approximately 30 minutes of transfer time. For example, an FFA team could be structured as follows:

- Individual Exam Activity (70 minutes)
- Transfer (30 minutes)
- Team Decision-Making Activity (70 minutes)
- Transfer (30 minutes)
- Team Simulation Activity (70 minutes)

Total time is estimated to be 270 minutes (4 hours and 30 minutes).

7. ANNUAL THEME

- This event has no annual theme.

8. EVENT FORMAT

Individual Written Exam (70 minutes, 100 Points per member)

- Individual scores on the written exam are used to calculate both the individual and team score.
- The written exam may include any type of question (such as multiple choice, short answer, and fill-in-the-blank). The questions may require calculations to determine the correct answer.
- Exam topics will be topics outlined in the “Principles and Concepts” section:

These three topics will be included every year:

- o Financial Statements
- o Budgeting
- o Analyzing the Agricultural Business

Two to four of these topics will be included each year:

- o Cash Flow Planning
- o Marketing
- o Income Tax
- o Investment Analysis
- o Risk Management
- o Farm Business Organization
- o Land Measurement
- o Family Living
- o Economic Principles

- Business management forms and procedures follow the samples and procedures as presented in the most current farm and ranch business management text published by John Deere Publishing.

Team Decision-Making Activity (70 minutes, 100 Points)

- The team decision-making activity evaluates the ability of team members to work together to use decision-making and problem-analysis skills while applying economic principles and concepts taught in business management.
- Members of a team work together cooperatively to complete this section.
- Seventy minutes are allowed for completion of the team activity.
- All topics in the outline under the “Principles and Concepts” section can be included in the team activity.
- All team members must be involved in the team activity to receive credit. If a team has three or fewer participants, no credit will be allowed for the team portion of the event.
- The team activity has a maximum value of 100 points per team. Points are divided as follows:
 - o Team Evaluation (30 points) During the team activity section, the team is observed by an event judge and evaluated on the team’s ability to work cooperatively as a group.
 - o Team Written Answer Sheet (70 points) The team answers are judged for accuracy and clarity of presentation
 - o Speculating, or selling more than one expects to produce will not be permitted in the simulation. Use of speculation to inflate a team’s revenue will not be permitted.

Team Farm and Ranch Simulation Activity (70 minutes, 100 points)

- The team farm and ranch simulation activity evaluate the ability of team

members to apply decision-making, and problem-analysis skills, while applying economic principles and concepts taught in business management to a hypothetical farm and ranch under uncertainty of the weather, market prices, and production.

- The hypothetical farm and ranch is a mixed row crop and cow-calf production system over two production years. Participants will be asked to make decisions about the purchase of crop insurance, livestock insurance, hay to feed over the winter, and when to market grain and cattle
- All team members must be involved in the team activity to receive credit. If a team has three or fewer participants, no credit will be allowed for the team portion of the event.
- The team activity points are divided as follows:
 - *Team Net Profit (50 points)* Decisions will result in a final net profit. Points will be awarded on a curve with the team with the highest net profit receiving 50 points and the team with the lowest net profit receiving 0 points.
 - *Team Net Profit Sensitivity (50 points)* The decisions made throughout the two production years will be tested against the entire set of possible production and marketing scenarios to determine how sensitive the achieved net profit is to market conditions. Points will be awarded on a curve with the team with the lowest net profit variability receiving 50 points and the team with the highest net profit variability receiving 0 points.

9. EVENT SCORING

The following table summarizes the breakdown of points, the event section for each point allocation, and the amount of time allowed for each section of the event.

Section	Time (minutes)	Team Members Required	Maximum Points	
			Individual	Team
Individual Exams	70	4	100	400
Team Decision Making	70	4	-	100
Team Simulation	70	4	-	100

Total	210	4	100	600
--------------	------------	----------	------------	------------

Awards and Scholarships to attend the Department of Agricultural Economics at the University of Nebraska – Lincoln will be presented at the awards ceremony to individuals and teams based on their rankings. Please note that the scholarships are only valid if students enroll in the Department of Agricultural Economics at the University of Nebraska-Lincoln. Scholarship money may only be applied to tuition for courses in the Department of Agricultural Economics and may not be applied to courses in any other academic departments.

10. TIEBREAKERS

Judges will break ties on team scores using the following sequence:

- The score on the written section of the team activity.
- The score on the team simulation activity
- The score on pre-selected questions of the written exam.

Judges will break ties on individual scores using the following:

- Three pre-selected sections of the written exam.
- Two pre-selected questions in the written exam.

11. RESOURCE MATERIALS

- [Farm & Ranch Business Management, Deere & Co.](#) - Deere Publishing
- Econ Micro, William McEachern, (Any Edition) Textbook
 - 6th edition: ISBN: 978-1337671828
 - 5th edition: ISBN: 978-1305659087
 - 4th Edition: ISBN: 978-1285423548
 - 3rd Edition: ISBN: 978-1111822217

12. PAST EXAMS

Refer to the [Farm & Agribusiness Management CDE Website](#).

13. POST-CDE DEBRIEFING OPPORTUNITY

- There is no debriefing session available for this event.
 - All test materials will be turned in after the exam.
-

APPENDIX

List of items in the appendix:

- Appendix 1: Team Decision Making Activity Evaluation – Observers Rubric
- Appendix 2: Team Decision Making Activity Evaluation Summary Scorecard
- Appendix 3: Individual Written Examination Scorecard
- Appendix 4: Team Simulation Activity Evaluation Summary Scorecard

Appendix 1: Team Decision Making Activity Evaluation – Observers Rubric

30 points

Chapter _____

State _____

Criteria

- All team members were involved and contributed to the activity in an organized manner.
- Team members demonstrated effective listening and oral communication skills in resolving issues related to the presented task(s).
- Team members demonstrated cooperation in negotiating possible solutions that were relevant to the activity as presented.

Indicator	High 5-4 Points	Medium 3-2 Points	Low 1-0 Points	Multiplier	Points Earned
Leadership identified	Clearly identifies and lists leaders	Leadership evident, listing incomplete	Leadership not evident, no listing completed	X1	
Effective listening and oral communication	Clearly evident that all team members are listening and discussing issues	Listening and communications occurring but two to three members dominating	Not listening to each other, talking over other team members, one member dominating	X2	
Demonstrated cooperation	Clearly all team members completing tasks, sharing written and oral computations/solutions	Tasks primarily complete by two to three members, other members assist occasionally	Tasks primarily complete by one member, other members contributing only slightly	X2	
Participated in the team	Clearly all members are engaged, attentive and making notes for the full term of event	Members are engaged and attentive, with two to three making notes, participation fades over time.	One to two members form the primary team other members participate occasionally early, fade over time.	X1	
Total Points					

Judge's Name

Judge's Signature

Date

Appendix 2: Team Decision Making Activity Evaluation Summary Scorecard

100 points

Chapter

State

Criteria

- All team members were involved and contributed to the activity in an organized manner.
- Team members demonstrated effective listening and oral communication skills in resolving issues related to the presented task(s).
- Team members demonstrated cooperation in negotiating possible solutions that were relevant to the activity as presented.

Team Decision Making Evaluation (Observation)	Points Possible	Points Earned
Team leadership roles were identified and demonstrated	5	
Team members demonstrated effective listening and oral communication skills in resolving issues related to the present tasks	10	
Team members demonstrated cooperation in negotiating possible solutions that were relevant to the activity as presented	10	
Each team member participated in the team activity and contributed to the results reached by the team	5	
Subtotal for Observation (out of 30 Points)		
Team Decision Making Activity Solution Evaluation (Written Answer Sheet)	Points possible	Points earned

Team demonstrated knowledge of farm business management principles and concepts and summarized consensus in the team activity answer sheet	70	
Subtotal for Solution (out of 70 points)		
Total (out of 100 points)		

Appendix 3: Individual Written Examination Scorecard

100 points

_____ Chapter

_____ State

Criteria

- Correctly identify and answer questions related to farm and agribusiness management.

Principle and Concept	Included in Exam (Yes/No)	Points Possible	Points Earned
Financial Statements			
Budgeting			
Cash Flow Planning			
Marketing			
Income Tax			
Investment Analysis			
Risk Management			
Farm Business Organization			
Land Measurement			
Analyzing the Agricultural Business			
Family Living			
Economic Principles			

Total (Out of 100)	
--------------------	--

Appendix 4: Team Simulation Activity Evaluation Summary Scorecard

100 points

Chapter _____

State _____

Criteria

- Obtain a combination of the highest profit with the lowest amount of risk.

Objective	Team Rank (High to Low)	Calculation	Points Possible	Points Awarded
Net Profit		$\frac{Team Rank \times 50}{N Teams}$	50	
Net Profit Sensitivity		$\frac{Team Rank \times 50}{N Teams}$	50	
Total (out of 100 points)				

Example:

Assume there are 5 total teams in the team simulation activity. Team A ranked 5th (the best) in the Net Profit objective and 3rd in the Net Profit Sensitivity objective. The points awarded to Team A in each of these objectives would be 50 for Net Profit ($\frac{5 \times 50}{5}$) and 30 for Net Profit Simulation ($\frac{3 \times 50}{5}$) for a team score of 80 points (50+30).