

<b>IOWA FARM BUSINESS MANAGEMENT CAREER DEVELOPMENT EVENT</b>
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Dr. Ron Deiter, Professor Ag Economics, ISU.....	CDE Coordinator
Jon Davis, Gilbert.....	CDE Chairperson
Jim Lundberg, Charles City.....	CDE Chairperson
Ron Zelle .....	CDE Scoring Coordinator
Jason Carolan .....	CDE Scoring
Dan Streigtel, Keota.....	CDE Registration
Jim Green, Riceville.....	CDE Consultant
Bob De Haan, Orange City.....	CDE Consultant
Irv Meier, Wapello .....	CDE Consultant
Rick Swenson, Montezuma .....	CDE Consultant

**EVENT OBJECTIVES**

The event objectives are for participants to demonstrate their ability to:

1. Analyze agriculture, farm, and ranch business management information.
2. Apply economic principles and concepts of farm business management to the decision-making process.
3. Evaluate agriculture business, and farm business management decisions.
4. Work together cooperatively as a group.

The principles and concepts listed below can be included in each section event.

**A. ECONOMIC PRINCIPLES:** Economic principles related to farm business management

1. Production Functions – (a) Diminishing Returns; (b) Profit Maximizing Point:  $MFC=NVP$ ,  $MC=MR$
2. Opportunity Cost – (1) Alternative Investment and Opportunities
3. Cost Analysis – (a) fixed cost; (b) variable cost
4. Input Combinations
5. Enterprise Selection – (1) Equi-Marginal returns; (2) Specialization and Diversification
6. Supply and Demand – (a) Price and Quantity determination; (b) Elasticity of demand; (c) Elasticity of supply; (d) Substitute and complementary products

**B. RECORDS AND ANALYSIS:** Concepts related to the use and analysis of records to manage resources

1. Analysis of Records – (a) Profit and Loss; (b) Financial Statements: (1) Ratios – Solvency, Liquidity, profitability, labor, and feed efficiency; and (2) Inventory, assets, liabilities, net worth
2. Budgeting – (a) Partial budgets; (b) Whole farm budgets; and (c) Enterprise budgets
3. Cash Flow Analysis – (a) Summary and (b) Projections
4. Managerial Accounting
5. Tax Management

**C. RISK MANAGEMENT:** Concepts and functions of risk management

1. Investment Analysis – (a) Capital budgeting; 1) Time value of money, net present value; (b) Credit: 1) Sources, loan applications, interest; (c) Leasing of real property; (d) Land acquisition and ownership; (e) Machinery management; (f) Insurance – Life insurance, property insurance, crop insurance, health and liability
2. Marketing Analysis – (a) Functions; (b) Structures; (c) Price determination – Supply, demand, comparative advantages; (d) Price Methods – Cash markets, futures and options, forward contracting; (e) International trade; (f) Types of Markets – Perfectly competitive markets. Few participants markets, one participant markets.
3. Market and Purchasing Structure – (a) Cooperatives; (b) Corporations; (c) Individuals

4. Legal Analysis – (a) Estate planning; (b) Business organization: Sole proprietorship, business organization, partnership, contract farming; (c) Written agreements
5. Government Programs and Regulations

## **GENERAL RULES**

1. Each school shall enter a team composed of three or four members with the top three scores counting for the team total. Teams consisting of less than three members will participate in all events and will receive a “participation” ranking as a team. All participants will be eligible for individual awards.
2. Participants are to be in official FFA dress during the event.
3. During the team participation activity, there will be communication only between members of the same team. Communication with any other teams or individuals will be sufficient cause to eliminate the teams involved from the event.
4. Each participant will participate in all phases of the event.
5. Participants shall report to the chairperson of the event at the designated site between 7:30 a.m. and 8:30 a.m. on event day. The event will begin at 8:30 a.m. sharp!
6. The Farm-Business Management Career Development Event will consist of two parts, a problem solving analysis part, an individual multiple choice exam that includes problem-solving analysis, and a team participation activity ~~part~~.
7. Answer sheets, worksheets, and other written materials will be furnished for each event phase. Participants shall provide two sharpened No. 2 pencils. Bubble sheets will be used to score the contest and participants are reminded that light markings or poorly erased markings may score an answer as incorrect.
8. Participants need not register for the State FFA Leadership Conference to be eligible to participate in the Iowa Farm Business Management Career Development Event. However, any member participating in the leadership events and/or other State FFA Leadership activities must be registered prior to participation.
9. Calculators may be used with the FFA Career Development Events. They must be battery or solar operated, non-programmable and silent. Programmable calculators will be confiscated for the duration of the event. Calculators shall not be shared between participants. Any participant using a cell phone will be automatically disqualified. Cell phone calculators are not allowed.
10. There will be 150 minutes to complete the three phases of the event. The phases will be completed in the following order:  
Phase 1: Team Participation Activity (30 minutes which includes time for separating teams)  
Phase 2: Individual Exam (120 minutes)
11. All chapters will receive an e-mail of reference material that will be a specific source of information for that year’s event. The reference material will be used specifically in the team participation activity, and it may also be included in the individual exam.

## **EVENT ACTIVITIES**

### **A. Individual Exam (75 questions worth 2 points)**

1. The individual exam of the Iowa FFA Business Management Career Development Event is designed to test a participant’s knowledge, decision-making and problem-analysis skills of economic principals and concepts taught in Business Management in Agriculture.
2. All topics included in the outline “Event Objectives” section can be included in the individual exam.
3. Each of the 75 questions will be worth two points each. Individuals will have 120 minutes to complete the multiple choice questions.
4. The exam will be broken down into three, twenty-five question, sections:
  - a) Economic Principals
  - b) Records and Analysis
  - c) Risk Management

## **B. Team Participation Activity (50 points per team):**

1. The team participation activity for the Iowa FFA Business Management in Agriculture Career Development Event is designed to determine the ability of a team's members to work together to use decision-making and problem-analysis skills while applying the economic principles and concepts taught in Business Management in Agriculture.
2. All questions on the team activity will be related to a specific reference or topic. At least one month prior to the Career Development Event, the topic and references for the current year's team participation activity will be e-mailed to all chapters and posted on [www:iaffa.com](http://www:iaffa.com). Any reference material need during the event will be provided.
3. All members of a team will work cooperatively to complete the first part of the Team Participation Activity, and submit one set of answers. The team participation activity has a total value of 50 points and is only included in the team score. Teams will have 15 minutes to complete the team participation activity.
4. There will be 5 questions worth 7 points each completed by the team for a total of 35 team points. Each individual team member will then complete the second part individually. Each individual will complete 5 questions worth 1 point each, on their own related to the Team Participation Activity topic. The top three individual scores will be used for a total of 15 points that will be applied towards the team score only.

## **REFERENCES:**

This list of references is not intended to be inclusive. Other sources may be utilized and teachers are encouraged to make use of the very best instructional materials available. The following list contains references that may provide helpful during event preparation.

### **Primary References**

Section 1: Economic Principals:

Farm Management, (5<sup>th</sup> Edition) 2004. Kay, Edwards, Duffy. ISBN #: 0072428686

Section 2: Records and Analysis:

Farm and Ranch Business Management, (5th edition) 2004, Deere and Company. ISBN#: 0866912924

Section 3: Risk Management

Farm and Ranch Business Management, (5th edition) 2004, Deere and Company. ISBN #: 0866912924

### **Secondary References**

1. Ag Decision Maker, Iowa State University Extension. <http://www.extension.iastate.edu/agdm/>
2. Chicago Board of Trade Page, <http://www.cbot.com/>
3. Chicago Mercantile Exchange Page, <http://www.cme.com/>
4. National FFA Career Development Resource Information Page. Includes downloads for rules and sources of information. [http://www.ffa.org/programs/cde/html/cde\\_events.htm#fbm](http://www.ffa.org/programs/cde/html/cde_events.htm#fbm)
5. Previous "Iowa Agriculture Farm and Business Management Event Materials [http://iaffa.bizland.com/cde\\_rules.html](http://iaffa.bizland.com/cde_rules.html).

## **SCORING AND RANKING OF TEAMS AND PARTICIPANTS**

1. To determine the team winners, the highest three scores for the Individual Exam plus the Team Participation Activity Score team score. Team participation scores are not calculated for individual scores. When determining high team scores the low individual score will be dropped.

1. To determine the team winners, the highest three combined scores for the multiple choice and problem-solving sections for each team shall be used in calculating the team score. Team participation scores are not calculated for individual scores. When determining high team scores in problem-solving and multiple choice, the low individual score will be dropped.

### Phases Scoring

Individual FBM Exam (75 Questions @ 2 Points each).....	150 points
Total of three high Individual FBM Exam Scores.....	<b>450 points</b>
Team Participation Activity.....	50 points
<b>Total Team Score Possible</b> .....	<b>500 points</b>

2. In the event of a tie, the following criteria in the order listed will be used to break the tie:

A. Team

1. High score in the team activity (total team and individual score based on 50 points)
2. High score in the team activity (total team score from 7 group questions based on 35 points)
3. High team score in the Individual FBM Exam
4. The highest team score in each of the Individual FBM Exam Sections in the following order:
  - a) Economic Principals
  - b) Records and Analysis
  - c) Risk Management
5. The highest individual scores per team, successive starting with each teams high individual
6. The highest individual scores in each of the Individual FBM Exam Sections, successive starting with each teams high individual in the following order:
  - a) Economic Principals
  - b) Records and Analysis
  - c) Risk Management
7. Each teams high scorer in the Individual FBM Exam, as one evaluates successive items 1, 2, 3, etc. to item 75. The team that breaks the tie first wins.

B. Overall Individual

1. High individual score in the Individual FBM Exam
2. High individual score in the individual Team Participation Activity
3. The highest individual scores in each of the Individual FBM Exam Sections, successive in the following order:
  - a) Economic Principals
  - b) Records and Analysis
  - c) Risk Management
4. The individual that breaks the tie first, as one evaluates successive items 1, 2, 3, 4, etc. to item 75 of the Individual FBM Exam

C. High Team Individual FBM Exam

1. Top individual in the Individual FBM Exam score out of the teams top three contestants
2. Top 2 individual in the Individual FBM Exam score out of the teams top three contestants
3. Top 3 individual in the Individual FBM Exam score out of the teams top three contestants
4. The team with the highest overall team score for all event activities combined

D. High Individual in the Individual FBM Exam

1. The highest individual scores in each of the Individual FBM Exam Sections, successive in the following order:
  - a) Economic Principals
  - b) Records and Analysis
  - c) Risk Management
2. The individual that breaks the tie first, as one evaluates successive items 1, 2, 3, 4, etc. to item 75 of the Individual FBM Exam

E. High Team in Team Participation Activity

1. High overall team score
2. High team in Individual FBM Exam

3. Teams will be ranked into groups designated “Gold,” “Silver,” and “Bronze.” Teams that do not have at least three members will be listed as “Participants.” Teams that violate any rule will also receive a “Participation” rating.

4. The team with the highest total points over all will be designated “Iowa Champion FFA Farm Business Management Career Development Event Team” and will represent Iowa in the National event in Indianapolis.

**AWARDS**

Awards listed below are at the discretion of the sponsor and pending availability of sponsorship. It is vitally important that participants write thank you letters to sponsors in order to retain their support. A thank you list naming current sponsors will be provided to each participating chapter at the event site.

Award sponsored through the National FFA Foundation:

Champion Team .....Plaque

Awards sponsored through the Iowa FFA Foundation:

Champion Team.... Cash award for travel to the National FFA Farm Business Management CDE

Reserve Champion Team..... Plaque

Top 10 Teams..... Rosettes

Members of Top 10 Teams..... Rosettes

Top 10 Individuals..... Rosettes

1st and 2nd Place Individuals..... Trophies

Top Team and Top Individual..... Trophies

Team Participation Activity Top Team..... Trophy

If the Top Individual enrolls in the College of Agriculture at Iowa State University they will receive a \$500 Scholarship from ISU.

The Iowa FFA Association will award certificates to all Farm Business Management Teams and participants.