

Master Marketer Newsletter

September 2001, Volume 2, Issue 3

Master Marketer Highlights

Master Marketer for Ag Lenders

In June thirty-six agricultural lenders from Texas and Oklahoma completed a five day workshop designed to enhance their knowledge of marketing and to better equip them to evaluate the marketing plans of their borrowers. An outstanding set of speakers from Texas, Ohio, and Iowa delivered the program held in Amarillo. The workshop planning committee will be meeting soon to consider suggestions for improvement as plans are made for the 2002 Ag Lenders workshop to be held next June in San Antonio.

The evaluation of participants indicated the sessions entitled "What Makes a Top Manager", "Comparative Pricing Strategies", and "Farm Policy Alternatives" rated the highest of all sessions. Other information gained from the evaluation will be valuable in making adjustments to next Agricultural Lender program.

Special Agent Training in Weslaco

In Weslaco on August 16-17, Extension Economists John Robinson, Mark Waller and Rob Borchardt will conduct a training session for County Extension Agents in the Valley. The primary objective will be to increase the awareness of Extension Agents as to how marketing clubs can and have been used as effective tools in risk management/marketing educational programs. The instructors will emphasize the role of agents in marketing club activities and the resources that are available to support them in this effort. The program will also help them to understand the program and to better recruit participants for the Master Marketer program that begins in Weslaco on September 25. It should also help the agents to be prepared to utilize the graduates as they fulfill their volunteer requirements by assisting their county agent start a marketing club.

Upcoming Programs

Two upcoming Master Marketer programs are scheduled for Weslaco this fall, and Amarillo in early 2002. The exact dates for these programs are:

Amarillo

- Jan 15, 2002 - Optional Futures and Options Workshop
- Jan 16-17, 2002
- Jan 30-31, 2002
- Feb 13-14, 2002
- Feb 27-28, 2002

For more details, please contact Steve Amosson at (806) 359-5401.

Weslaco:

- Sep 25, 2001 - Optional Futures and Options Workshop

- Sep 26-27, 2001

- Oct 10-11, 2001

- Oct 24-25, 2001

- Nov 7-8, 2001

For more details, please contact John Robinson at (956) 968-5581.

Guest Column

Advanced Topic Series

Stephen Amosson, Phd. and Fran Bretz
Texas Cooperative Extension
Amarillo Research and Extension Center
6500 Amarillo Blvd West
Amarillo, TX 79106

An Advanced Topic Series (ATS) is scheduled for a limited debut in Texas during 2001 - 2002. The purpose of ATS is to provide producers the opportunity for an in-depth, hands-on training in specific areas of marketing and management where they may have an interest.

Each course will be taught in a two-day format. Just like Master Marketer, content will be taught based on practical application and not focused on theory. A producer attending an ATS course should expect to leave the course with the knowledge and/or tools necessary to improve his business.

The instructors for ATS courses will be selected based on their expertise and communication skills. We anticipate in Texas that half of the instructors will come from within TAMUS and the other half from other universities and industry.

A survey of producers in Texas, Minnesota and Montana was conducted to help prioritize the topics to be addressed in the ATS. The survey is part of a coordinated project between the three states and funded by an Initiative for Future Agriculture and Food Systems (IFAFS) grant. The goal of this IFAFS grant is to develop the most effective, intensive educational system for agricultural producers in the United States in the areas of marketing and management. In addition, we are working with Montana and Minnesota in developing/implementing similar systems.

A fairly balanced survey return between states produced a total of 568 responses. Three topics rose to the top of all three states: Advanced Futures and Options, Developing this Year's Marketing Plan, and Pulling the Trigger. Over 70% rated these topics as one or two on a 5-point scale with one being the "most important." The next three topics that had between 55% to 65% in the top two ratings were: Advanced Technical Analysis, Advanced Fundamental Analysis, and Business Plan Development. Rankings of topics varied slightly between states but not significantly.

Over the next two months, goals and content of each of the six courses will be "fleshed out." It is expected that by the middle of October you will be able to find a one-page summary of each of the six courses at the Master Marketer website. Eventually, the same thing will be done with the remaining six topics; Advanced Financial Analysis, Asset Acquisition, Allocation and Management, Production Contracts and Alternative Crops, Crop Insurance, Inter-generational Transfer, and Personnel Management.

The estimated registration fee for a two-day ATS course will \$150 per participant. This winter the initial offerings of the ATS will be made in a few locations. If enrollment and producer interest are sufficient to cash flow the effort, the number of courses and locations offered will be expanded next year.

If successful, we hope that six to eight locations in Texas will be hosting a couple of these ATS courses a year. The theory is to provide you with the best learning opportunity taught by the best people on the subjects that you need the most help with without having to travel very far.

The Advanced Topic Series is another segment of the Master Marketer Educational System (MMES) that is being developed to provide Texas producers with the “best” system of intensive marketing and management education opportunities in the world. MMES is being developed because we believe that with our environmental laws and current transportability of technology, our future competitive advantage must be in our “can do” attitude and on superior individual marketing and management skills. Hopefully, ATS will bring us one step closer to realizing this future.

**Producer's Ranking of
Advanced Topic Series by State**

Topic	Minnesota	Montana	Texas
Advanced Futures & Options	80%	71%	73%
Developing this Year's Marketing Plan	82%	67%	72%
Pulling the Trigger	74%	63%	76%
Advanced Technical Analysis	56%	57%	65%
Advanced Fundamental Analysis	56%	51%	63%
Business Plan Development	55%	55%	57%
Advanced Financial Analysis	44%	52%	60%
Asset Acquisition, Allocation, & Management	46%	55%	46%
Production Contracts & Alternative Crops	46%	46%	48%
Crop Insurance	28%	39%	46%
Inter-generational Transfer	36%	36%	37%
Personnel Management	30%	28%	39%

*Percentages represent producers who categorized the Advanced Topic Series as "1" or "2" in a ranking scale of 1 to 5.

Marketing Club Corner

By Rob Borchardt

I wish I could say that we've had favorable weather and plenty of marketing opportunities this year, but the fact is that we've had neither aside from the steady cattle market. While that doesn't help cash flow any, it does provide an opportunity to sharpen our marketing skills and prepare for the coming year. With that in mind, I am glad to tell you about the new marketing clubs that have started or will be starting across the state. As most of you know, Master Marketer programs were most recently held in Vernon and Abilene. As a result of those two programs, eight new clubs have met or plan to meet and we have sent Master Marketer graduates to four existing clubs. The new clubs are in the following counties: Wilbarger, Hardeman, Baylor, Clay, Nolan, Jones, Taylor, and Runnels. For the initial meetings, several futures and options workshops have been held and more are planned. Let me reiterate, if I can do anything to help any of you as leaders of new or existing clubs, please let me know.

I am also pleased to tell you about a new award that will be given annually to County Extension Agents who have developed and/or supported innovative educational programs through their involvement with county-based marketing clubs. The agent selected will receive a plaque and a \$500 cash award from the Master Marketer group. Nominations for the award must come from the marketing club participants and the nominations forms are available online at <http://mastermarketer.tamu.edu>. Please help us identify and recognize those County Extension Agents who emphasize the importance of marketing and management.

As I mentioned in the previous newsletter, I am busy working on a method to measure the effectiveness of marketing clubs and the impact they have on participants. In conjunction with that effort, the leaders of other states involved in the Master Marketer Educational System (Minnesota and Montana) and myself will be identifying successful clubs and surveying their leaders to determine the common characteristics among these successful clubs.

Speaking of successful clubs, the Cooke County (Gainesville) marketing club will take a trip to Chicago in August to visit both the Chicago Board of Trade and the Chicago Mercantile Exchange. According to Blake Bennett, Extension Economist-Management at Dallas, "taking a group of producers to an exchange is a great way to bring the group closer together and personalize the trading experience."

If you've never been to an exchange, and you have an interest in cotton, you might be interested in going to New York to visit the Board of Trade. Jackie Smith, Extension Economist-Management at Lubbock, and I are planning on taking a group of producers for a tour of the NYBOT and other related places of commerce in late January of next year. If you or your club is interested, contact either of us.

And finally, check out the new face of the Master Marketer website at <http://mastermarketer.tamu.edu>. Be sure to see the new seasonality charts under the Price Quotes and Charts link. Next quarter, I'll highlight the Cooke County Marketing Club and give you an overview of their trip.

Rob Borchardt
Statewide Marketing Club Coordinator
P.O. Box 2159
Vernon, TX 76385-2159
(940) 552-9941

Texas Risk Management Education Program Update

Personalized Ag Policy Update

After initially releasing the Farm Bill concept paper to the public on July 12th, the House Agriculture Committee voted on and passed its version of the next farm bill in the "Agricultural Act of 2001", H. R. 2646 on July 27th. The following are a few key features of this bill:

- Maintains maximum flexibility while providing counter-cyclical assistance in the form of counter-cyclical payments (CCPs). Also maintains fixed-decoupled payments and the marketing loan program.
- Allows producers to keep current AMTA contract acres or update to average of acres planted to AMTA contract crops and/or oilseeds for the 1998-2001 period.”
- Counter-cyclical payments are triggered when a crop’s price, adjusted for the fixed decoupled payment, is below the target price. The payment rate would then be calculated as the target price minus the decoupled payment rate minus the higher of the national twelve-month season average price received by producers, or the national average loan.
- Payment limits are set at \$50,000 for fixed decoupled payments, \$75,000 for counter-cyclical payments, and \$150,000 for marketing loan gains and loan deficiency payments.
- Makes significant changes to the peanut program by terminating the marketing quota program and adopting a counter-cyclical program similar to other traditional program crops.

If this bill passes the full house, it will be up to the Senate to pass their version of the next farm bill so that differences can be worked out in conference. Meanwhile, those of you interested in seeing how instituting H. R. 2646 would impact your operation can do so by contacting the FARM Assistance team at 1-877-TAM-RISK and have a personalized ag policy update completed for your operation. Those of you already subscribing to the FARM Assistance program can get your analysis in a very short time while new subscribers would take somewhat longer. For the first time ever, producers have access to an analysis tool that can keep them at the cutting edge of the policy debate.

Contributors to this newsletter were Jackie Smith and Joe Outlaw.