Farm and Ranch Business
Management Functions
Four Functions of Management

- Organizing
- Staffing and Directing
- Controlling
- Planning
Organizing Function

- A management process
- Identifying and establishing jobs, positions, and chain of command
- Facilitate communication
- Identifying skills employees
- Arraying physical, financial, and human resources for efficient use
- Provides for information flow
- Goal is to make business run smoothly
Figure 1. Organizational Chart

![Organizational Chart]

Manager/Owner

Herdsman

Jack

Paul
Figure 2. Organizational chart
Figure 3. Organizational chart
Developing and Organizational Chart for Your Operation

Action: Draw an organizational chart of your operation, drawing in each position

Does your organizational chart represent what is really occurring?

Example Position Description
Position: Herdsmen
Reports to: Manager
Supervises: the milkers, Jack and Paul

Responsibilities
1. Herd health
2. Milking/quality
3. Milking equipment
4. Herd nutrition
5. Dry cow maintenance
6. Replacement herd care
Staffing and Directing Function

**Staffing**
- Identifying and placing people in positions
- Filling positions with the best person available
- Understand the responsibilities of each position
- Job description is critical

**Directing**
- Identifying employee strengths and weaknesses
- Matching positions to most suitable personnel
- Training, evaluation, firing
- Communicating expectations
- Rewarding
- Providing opportunities for advancement
- Treat employees with respect
- Training and education
- Employees need to feel good about where they work
Controlling Function

- Measuring a business’ progress
- Collecting necessary information
- Determining what management measures to use: financial and production measures

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<thead>
<tr>
<th>Financial Measures</th>
<th>Production Measures</th>
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<tbody>
<tr>
<td>1) current ratio</td>
<td>1) pregnancy percent</td>
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<tr>
<td>2) debt to assets ratio</td>
<td>2) calving percent</td>
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<td>3) acid test ratio</td>
<td>3) calf death loss percent</td>
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<td>4) leverage ratio</td>
<td>4) weaning percent</td>
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<td>5) debt to equity ratio</td>
<td>5) average weaning weight</td>
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<tr>
<td>6) rate or return on total farm capital</td>
<td>6) pounds weaned per exposed female</td>
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- What financial and production measures do you use?
- What measures do other successful businesses use?
- Does your present accounting or record system provide you this information?
- What benchmarks can you compare your measures with to help set your goals?
Developing Financial and Production Measures for your Operation

Action: List the 10 most important financial management measures for your farm business.

Action: List production management measures you like to use on your farm or ranch

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