

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

Figure 1.

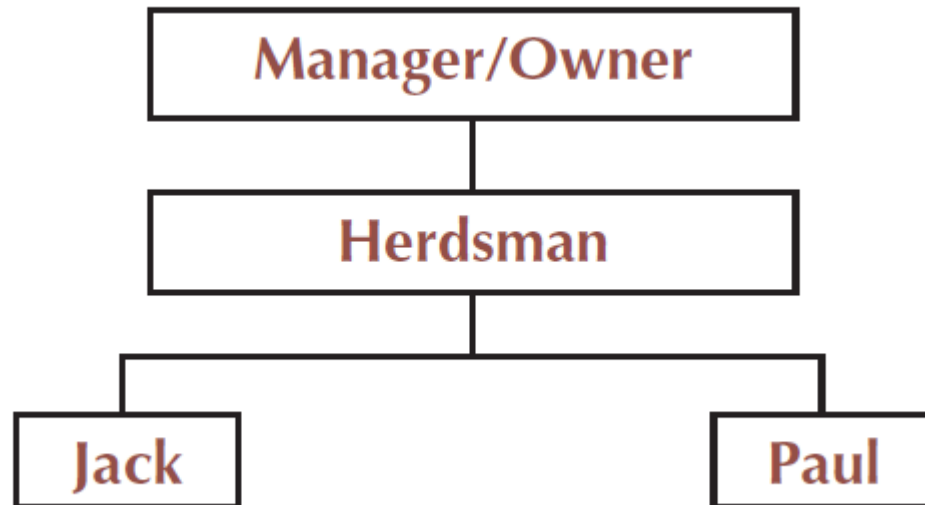


Figure 2. Organizational chart

Figure 2.

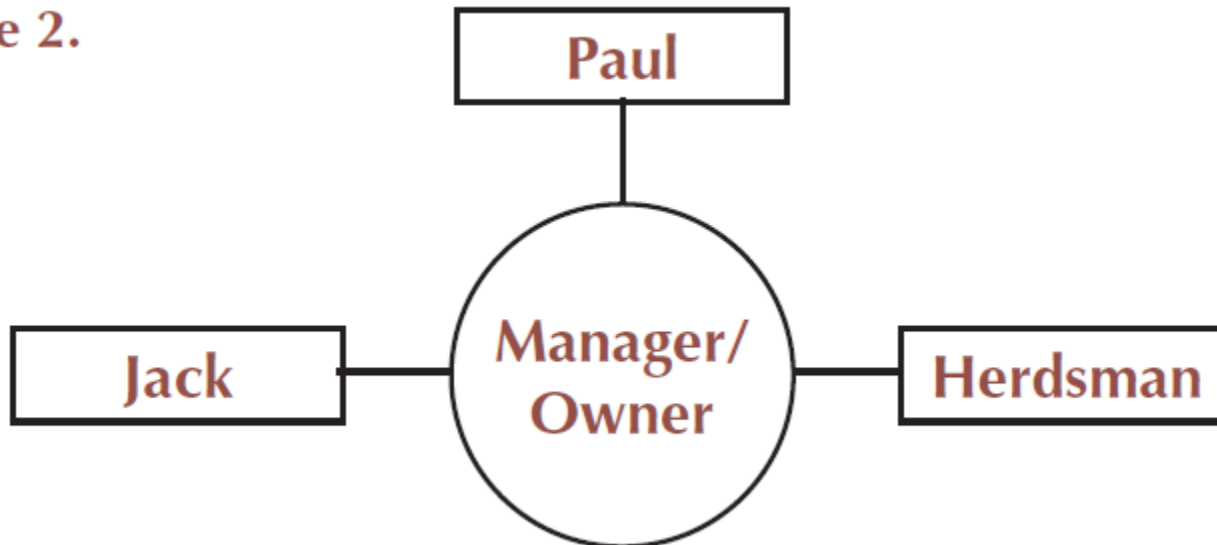
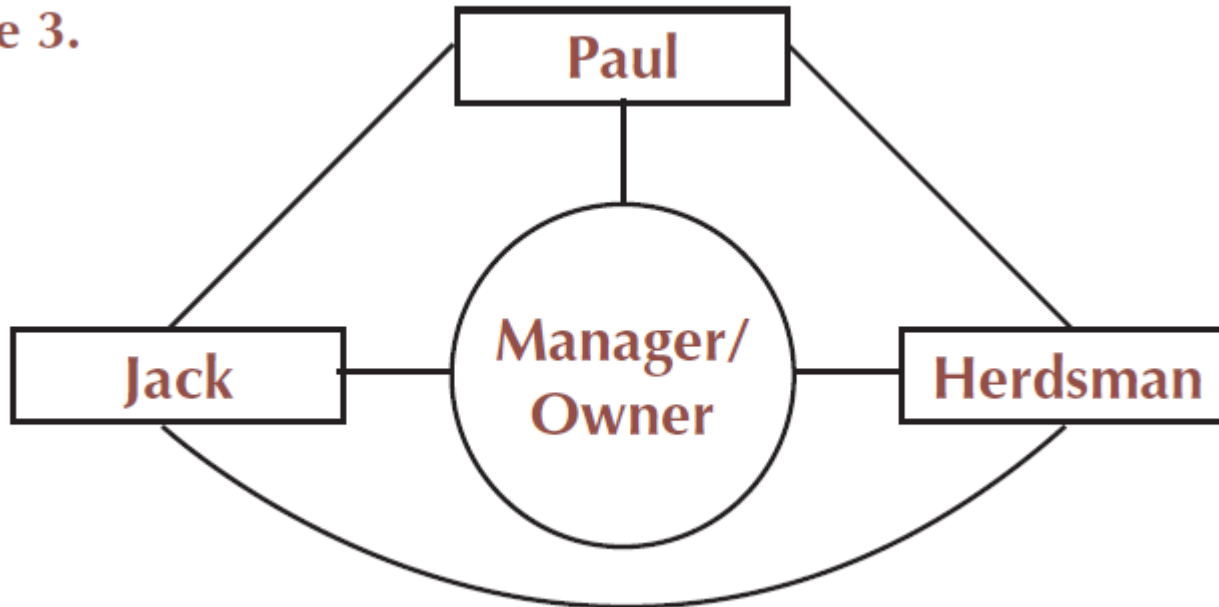


Figure 3. Organizational chart

Figure 3.



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

Financial Measures

- 1) current ratio
- 2) debt to assets ratio
- 3) acid test ratio
- 4) leverage ratio
- 5) debt to equity ratio
- 6) rate or return on total farm capital

Production Measures

- 1) pregnancy percent
- 2) calving percent
- 3) calf death loss percent
- 4) weaning percent
- 5) average weaning weight
- 6) pounds weaned per exposed female

- 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

Financial Measures

Production Measures
