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EXTENSION OPPORTUNITIES IN BUSINESS MANAGEMENT

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EXTENSION OPPORTUNITIES IN BUSINESS MANAGEMENT

Owner/managers of small businesses encounter many of the same challenges faced by larger firms but often without the needed resources. Their larger counterparts have trained specialists to deal with the variety of problems facing business today. The owner/manager usually must be his or her own accountant, attorney, financial expert, marketing strategist, etc. Most traditional sources of management assistance are not readily available to the small business. Due to funding limitations, the Small Business Administration's activities are limited primarily to larger cities. Business schools focus on larger firms and have just recently began offering courses in entrepreneurship.

Extension is in a unique position to assist independently owned firms. County offices provide geographic proximity to all areas of the country. Extension's work with farm owner/operators and agribusiness firms has provided ample experience with the challenges faced by independent businesses. Additionally, Extension has long been committed to enhancing the quality of life in rural areas. Independently owned and operated firms provide employment and income, and shopping and recreation opportunities, which all contribute to the quality of life.

At least three factors are required for Extension professionals to begin providing educational services to this audience - an understanding of the audience, a curriculum which gets their attention, and a sound marketing strategy.

THE AUDIENCE IS DIFFERENT BUT NOT UNFAMILIAR

The business audience provides some special challenges. First, they do not normally look to Extension for assistance. Members of the business audience expect Extension to work with farm, ranch, agribusiness, 4-H and homemaker audiences and they do not expect management assistance for non-agricultural business questions. Like the farm, ranch and agribusiness audience, the business audience includes people who are entrepreneurs and those who are in business but possess less entrepreneurial spirit. Members of the audience tend to be internally directed, have the courage to take risks, and don't like to discuss business matters in public meetings. Types of businesses are extremely varied. If one is not careful, the audience for a particular program may include someone who is considering sewing in their own home sitting beside a contractor who is bidding on a multimillion dollar office complex. Scale of operation in terms of sales, employment and inventory can vary considerably.

All members of the business audience cannot be served at one time. There are too many people involved and their interests are too varied. The potential market must be segmented and targeted. The first task for the Extension professional is to decide which

segment to target and study that group.

OPERATING STRATEGY

How one approaches the business audience is dependent upon that segment of the business audience which is selected for attention. The choice of strategy and target audience are normally influenced by the resources available. Wisconsin has committed substantial resources to this area and has the equivalent of an Extension service for businesses established across the state. The commitment in other states ranges from a person with primary responsibility in other areas, conducting some programs in business management to a staff of ten professionals concentrating on business management.

For the state with one or two staff members to commit to this effort, the two most basic approaches are to work with established business organizations or to deliver programs primarily through the County Extension offices. The first route is by far the easiest but has several deficiencies. It does not involve the County Extension staff and thus, by-passes a major part of the Extension organization. It loses the advantage of having a presence at the county level. Additionally, many businesses are not connected to any business organization.

The mechanics of working with business organizations are well known to most Extension professionals. Thus we will focus on developing business management programs at the county level.

DEVELOPING A COUNTY LEVEL BUSINESS AUDIENCE

The business audience can be a challenge and an asset to the County Extension program. Business owner-managers make decisions which directly impact the quality of life in the community - shopping opportunities; the attractiveness commercial buildings, rental properties, and the business districts; recreational opportunities; the friendliness of a town; the number and quality of employment opportunities; the general economic viability of the area, etc. The County Extension program can impact these factors significantly by providing educational programs for business owner-managers.

The following suggestions are offered to County Extension agents in Texas to assist in developing the business audience.

Ten Weeks Prior To The Workshop

A committee of ten people should be selected to legitimize and sponsor the meeting and to generate the audience. This probably would not be your Program Building Committee because their orientation will not be toward business interests but toward the

programs normally conducted in the county.

Committee Membership:

Committee members should be business leaders in the community

Bankers	Attorneys
Accountants	Business owner-managers
Power company reps.	Chamber of Commerce reps.
Other civic club reps.	

Committee Responsibilities:

Responsibilities of committee members would be substantial and essential to generating an appropriate audience.

1. The committee would have final authority over program content, agenda, speakers and location.
2. The committee would establish the appropriate registration fee and procedures for pre-registration.
3. Committee members would determine the co-sponsorship of the program if the County Extension Agent wants to share sponsorship. Co-sponsors should be used if they can markedly increase program participation and/or will be contributing substantially to the program in some other way. Committee members would put their names and/or the names of their organizations on the advertising materials, letters of invitation, etc.
4. The committee would develop a list of at least 100 business people from the Yellow Pages or other sources, who would receive personal invitations to the workshops. A list of 200 or more is preferable. A list of approximately 400 was developed for programming in Jourdanton, Texas. The list was effective in generating a substantial audience including a high percentage of people who had not previously attended programs conducted by the Texas Agricultural Extension Service.
5. The County Extension Agent and/or committee members should announce the educational programs at local civic club meetings.
6. Each committee member would make personal contact with 10 of the people on the list, soliciting their attendance in the week preceding the meeting.

Eight Weeks Prior To The Workshop

The sponsoring committee would be convened to develop the list of business people who would receive personal letters of

invitation and personal visits and to review responsibilities, and finalize the choice of a location, sponsorship, program content, agenda, registration fee and procedures, advertising approaches, and dates.

Six Weeks Prior To The Workshop

The newspaper and radio advertising would be started using the copy provided by the specialist. Announcements would be made at civic club meetings.

Two Weeks Prior To The Workshop

Personal letters of invitation, including a program agenda and pre-registration form, would be sent to the list of business people using the copy provided by the specialist. Announcements would be made at civic club meetings.

One Week Prior To The Workshop

Committee members would personally contact the ten business people on their list to solicit attendance. The visits would preferably be in person but telephone contacts could be used. Where possible, the person contacted would be provided a letter of invitation, an agenda and a pre-registration form and pre-registration fees would be collected.

Two Days Prior To The Workshop

The number of paid registrations would be checked to make the final decision to hold the meeting. Twenty-five paid registrations would be required. This precaution is necessary to avoid holding a poorly attended meeting, which would be an embarrassment to the County Extension program, the sponsoring committee and the specialist. Close adherence to the above described procedure should almost guarantee that the attendance would be appropriate.

The membership of the committee, sponsoring organizations, and advertising approaches should be determined based on the local situation. In some areas the business community is well organized so co-sponsorship and advertising with the appropriate organizations develops a substantial audience. However, this is usually not the case. The business community in many areas is not well organized or the business organizations are not looked to for educational programs. In these situations, the approach detailed above can be effectively used.

The suggested procedures are offered to increase the likeli-

hood of a successful programming effort and therefore credit for the efforts of all concerned.

The above suggested practices for generating an audience for a specific county program can be augmented with standard program building procedures and other educational activities to develop a major continuing business education program in the county. The Small Business Extension Service, Oswego County Cooperative Extension, Mexico, New York an example of what can be accomplished with a county based business management program.

As with any Extension program, attention must be given to product life cycle. Even the best accepted program goes through the market saturation stage where attendance and/or effectiveness has peaked and is no longer rising. This stage is followed by decline if something is not done to lift it into new areas of effectiveness. Unfortunately many programs decline to minimal levels of effectiveness and are not allowed to die. Business management programs are not exempt from the stages of the product life cycle.

WHICH PROGRAMS SELL?

Curriculum is dependent upon the target audience. However, much of the variation involves changing the mix of programs to address current problems and adapting the material to the target business. Below is a list of topics used in the Business Management program of the Texas Agricultural Extension Service. The program was targeted at retail and service businesses often found in shopping malls or the central business district.

Starting a New Business

- . developing a business plan
- . choosing the appropriate legal form
- . projecting a budget
- . forecasting profits
- . forecasting cash flow
- . establishing a record keeping and management information system
- . choosing the appropriate location
- . estimating and obtaining necessary financing
- . marketing the product or service
- . licenses, insurance, and taxes
- . considering the franchise

Information for Managing

- . understanding the financial statements
- . considering the appropriate content of the "books"
- . understanding financial ratios
- . comparisons with the published ratios
- . depreciation

- . sales
- . inventory management
- . accounts receivable
- . accounts payable

Economic Trends and Analysis

- . trends in income, employment and population
- . changes in the retail and service businesses
- . structure of local economy

Financing the Business

- . budgeting and forecasting financial needs
- . examining the alternative sources of financing
- . preparation of the loan proposal
- . sources of additional information and assistance

Personnel Management or Getting Things Done Through People

- . recruiting and selecting employees
- . orientation and training
- . supervision
- . communication
- . motivation
- . performance evaluation

Computer Use in Business

- . assessing your need for data processing
- . selecting a data processing system
- . considering your own computer vs. a service bureau
- . planning your computer applications
- . the transition from manual records to a data processing system

Marketing

- . analyzing your market
- . consumer opinion surveys
- . customer relations
- . visual merchandising
- . salesmanship

Time Management

- . a philosophy of time
- . establishing goals and setting priorities
- . avoiding time wasters
- . blocking interruptions and/or keeping them short
- . avoiding and/or managing crises
- . techniques for managing time

The topics listed above are used to form programs of various

lengths and complexities. Below are four programs from this list that are adapted for county delivery.

Title of Program: **Visual Merchandising**

Teaching Objectives:

1. Convince merchants of the importance of effective visual merchandising and the potential for added profits.
2. Teach some of the basics of visual merchandising so merchants can evaluate the effectiveness of their exterior and interior displays.
3. Provide merchants with the principles of visual merchandising so they can develop some of their own displays and seek professional help for more complicated display challenges.

Agenda:

- | | |
|------------|---|
| 30 minutes | The Objectives and Results of Visual Merchandising |
| 45 minutes | Slide Presentation Titled, "The Principles of Visual Merchandising" (The slides include local pictures and audience discussion of the techniques used.) |
| 10 minutes | Wrap-Up |

The Cost of Program Materials:

- | | |
|----------------------------|--------------------|
| 1. Film and processing | \$20.00 total |
| 2. Meal if one is included | \$ 6.00 per person |
| 3. Promotional materials | |

Title of Program: **Financing a Business**

Teaching Objectives:

1. Prepare business owner/managers to gather the appropriate information and develop a loan proposal.
2. Teach business owner/managers what bankers and other potential investors require in terms of information and personal qualifications.
3. Identify alternative sources of financing a business.
4. Teach business owner/managers to evaluate the soundness of their own financing proposal.

Agenda:

- | | |
|------------|---|
| 30 minutes | The Elements of the Loan Proposal |
| 30 minutes | What Does Your Banker Expect of Your?
Speaker - A local banker |
| 20 minutes | Alternative Sources of Financing
Speaker - A local banker or CPA |
| 10 minutes | Wrap-Up |

The Cost of Program Materials:

1. Hand-out material \$ 2.00 per person
2. Meal if one is included \$ 6.00 per person
3. Promotional materials

Title of Program: **Local Economic Trends and Analysis**

Teaching Objectives:

1. Insure business and government leaders understand the importance of assessing local economic trends and planning for the future.
2. Present and interpret local economic trends so audience can evaluate present and future economic situation, anticipate problems and address needs.
3. Present sources of assistance that related to problems and needs. Where do we go from here?

Scope of Program:

Three hours to one and one-half days, depending on the complexity and scope of the analysis. The program could include participation of several local experts - banker, accountant, and real estate broker. Topics of discussion would include trends and sources of income and employment, retail sales, manufacturing, oil and gas production, real estate, population changes, etc.

Cost:

\$3 to \$25 per person for hand-out materials, room rentals, coffee breaks, meals, and advertising. The cost depends on the complexity and length of the program designed. The design should fit the target audience.

Title of Program: **Forecasting Profits**

Teaching Objectives:

Prepare business owner/managers to forecast future business operating results, anticipate difficulties before they occur and explore business strategies to increase profits. The past is history and thus cannot be managed. Most of what happens in the present is dictated by past decisions. Consequently the future is all that can be managed. The workshop includes some hands-on experience with forecasting.

Agenda:

- | | |
|------------|---|
| 15 minutes | Introduction - The Business Planning Approach |
| 30 minutes | Film: "Forecasting Profits" |
| 30 minutes | Practical Experience with Profit Forecasting
Leader - County Extension Agent |
| 30 minutes | Key Factors Affecting Profitability
Break-Even Analysis, Gross Profit Margin
Expense Categories |
| 10 minutes | Wrap-Up |

The Cost of Program Materials:

- | | |
|----------------------------|--------------------|
| 1. Hand-out material | \$ 2.00 per person |
| 2. Meal if one is included | \$ 6.00 per person |
| 3. Promotional materials | |

CONCLUSIONS

Business owner/managers constitute a challenging and rewarding audience for Extension. Reaching this audience requires adjustment by Extension professionals because of the unique qualities of the audience. Special effort is required to position Extension in the market as a source of business management information. Other organizations such as the Small Business Administration and business schools are considered the source of management information at this time even though there is little capacity for these organizations to reach into rural areas. Extension professionals can supplement the resources of these organizations and cooperatively provide assistance where it is currently not available.

A marketing approach will greatly aid the establishment of a business management program. Research the business audience. Segment the potential audience and select a target audience. Know your marketing tools. Know what business you are in and enjoy the fruits of your labor.