



# IOWA STATE UNIVERSITY

## University Extension

### INTRODUCTION

Iowa State University Extension held the Four Roads to the Future of Agriculture Conference March 17, 2000. Agricultural leaders from across Iowa attended the conference to discuss the skills, resources, and strategies farmers will need to make their way in the future, no matter which road they choose: commodity farms, product farms, direct marketing/specialty farms, and multiple-income farms.

Commodity farms are those which produce commodity crops and/or livestock for sale through open markets. Product farms produce specific crops and livestock for contract sale through the supply chain. Direct market/specialty farms produce specialty crops and/or live stock

for direct sale into retail or niche consumer markets. Multiple-income farms are those which derive a portion of their income from off-farm sources.

Each of the four farms described are not mutually exclusive. That is, some farming operations may involve a combination of two or more of the practices used.

Although each of the four farms requires its own unique set of skills, resources and strategies, many are common to the four types of farms. Regardless of the type of farm a family chooses to operate, the following skills and resources should be available and strategies followed:

### SKILLS

Business and financial skills are a necessary requirement for any type of farm. Farmers must be able to manage the finances of their businesses and assess risk. They should be adept at organizing, maintaining quality, analyzing costs, selecting

options, and keeping records. Consumer awareness also is vital to all farming operations.

All farm families need mechanical skills to keep everything running and an appreciation for natural resources.

### RESOURCES

Land, transportation, and credit are among the most important resources needed to run any type of farm. Location is vital, although the location requirements vary according to the type of farm. For example, product farms require land isolation, whereas direct market/specialty farms require access to adequate population bases.

need credit to obtain working capital, whereas product farmers who raise crops that require years to mature may need credit for long-term financing.

Knowledgeable support people and consultants are key resources to any type of farm, as is available labor when needed.

Likewise, the need for credit can vary according to the type of farm. Commodity farmers may

### STRATEGIES

The final step to success is using the skills and resources within a good strategy. The best strategies look at long-term goals and are flexible enough to

reach those goals. They include time management, networking, forming partnerships, business planning, and risk management.

## THE FOUR ROADS

Within each of the four roads to the future of agriculture is a unique subset of skills, resources, and strategies. These are the tools a family needs to succeed with their chosen style of farming.



# COMMODITY FARMS

## SKILLS

Commodity farm families must possess technical knowledge and skills for high-volume production of the commodities they sell through open markets.

Specific marketing expertise is needed to maintain an awareness of consumer and economic trends and control costs. Human resource skills are needed to instruct, coach, and communicate

with employees as well as to manage employees or contracted help and services.

Commodity farmers particularly need information and computer skills to keep abreast of government programs and to access and analyze information. Communication skills help farmers negotiate the lowest input costs and work with landlords.

## RESOURCES

One of the most valuable resources for commodity farmers is a large information base that helps turn information into useful actions. Information is available from crop scouts, global condition reports, production sources, independent crop advisers, and market professionals.

Technical resources are available from a variety of sources, including satellite information services and the Internet.

Government resources provide program support such as market development and continued access to unbiased market research.

Finally, rural infrastructure, such as roads and bridges, provides farmers with the resources they need to operate efficiently.

## STRATEGIES

Successful strategies for commodity farms should include technical components such as use of government programs and philosophical components including anticipating future markets, early adoption of new technologies

and production advances, and development of new skills. They also should include plans for cost containment and diversification. Finally, commodity farmers should develop and follow successful marketing plans.



# PRODUCT FARMS

## SKILLS

The skills needed to succeed as product farmers range from consumer awareness to specialized production. The producer must have the ability to know what sells.

To be adept at marketing, the farm family must know the necessary traits of the product, its

specifications, and the competition. Legal skills are required to understand liability issues.

Personnel skills enable producers to work for and with others, inspire loyalty, negotiate, and receive instructions and advice. Good employee management skills, including communication and conflict management, are critical as well.

## RESOURCES

Opportunities themselves are an important resource for product farmers. These individuals and families should draw on network contacts and hire contractors with economic and social stability.

Information about how the commodity is used and how it impacts the environment is a useful resource.

Legal resources such as lawyers and third-party negotiators are helpful for resolving conflicts.

Additional resources include quality assurance plans and specialized grain storage units.

## STRATEGIES

As product farmers strategize, they should first consider whether the product to be grown suits the location and geography.

Product farmers should be concerned with intellectual property, as well as controlling

information about the commodity, to build strength in the marketplace.

Perhaps most important, product farmers need to plan to build relationships with everyone from colleagues to end users of their product.



# DIRECT MARKET/SPECIALTY FARMS

## SKILLS

The personal skills needed to succeed in this area are many. They include the abilities to adapt and change, identify markets, find new opportunities quickly, prioritize, focus, take risks, and anticipate future trends.

Patience, creativity, and interpersonal skills are a must. Specialty crop producers must have the skills to develop relationships with customers based on trust and confidence, as well as create excitement. Communication skills are key, as

are negotiation, customer service, and the ability to tolerate ambiguity.

Legal skills are needed to know the implications of labeling and claims.

The specialty producer must be adept at marketing. This includes experience with advertising, research, packaging and displays, quality control, product differentiation, public relations, and an understanding of trends.

## RESOURCES

To succeed as a direct market/specialty farm, producers need access to specialized information such as consumer preferences, food safety and nutrition information, regulations, certification

programs, inspection procedures, and alternative markets. Producers also need various resources such as flexibility in equipment.

## STRATEGIES

The most important piece of this strategy may be doing homework. Demand must be created, the product must be differentiated from others, and the product must be produced to consumer specifications. The product could be marketed as locally grown, with emphasis on its unique aspects. Customer expectations should be

exceeded, to make the experience enjoyable for the customer.

Producers must understand that they are selling food, and that it must be consistent and readily available. In the early stages, another source of income should be available.



# MULTIPLE-INCOME FARMS

## SKILLS

Success for multiple-income farmers requires a unique set of skills. The most important are personal skills. Families who operate multiple-income farms must have the abilities to determine what they can and cannot do, learn new skills, focus on the job at hand, and work more than eight hours per day.

An off-farm job must be compatible with farming, and the producer should be able to enjoy his or her off-farm job. It is helpful when skills learned at the off-farm job can be applied to the

farming operation. The multiple-income farmer should be adept at managing time and stress.

Some additional skills which are helpful include the ability to communicate openly with the family, and an awareness of individual limits.

Personnel skills encompass the abilities to appreciate the off-farm work, the farm work, and the family, as well as the ability to delegate responsibility.

## RESOURCES

As with the skills required of multiple-income farmers, the necessary resources are unique. Personal resources include family support, adequate time and energy, and the ability to make time for oneself. Outside of work, multiple-income farmers need resources such as daycare and a network within the community or family to draw upon during peak labor periods.

Resources that help support the business include access to custom services and access to services at off hours. Access to identity-preservation programs also can be helpful. Reliable transportation, jointly owned equipment, and an understanding landlord are additional resources.

## STRATEGIES

The strategies for success on multiple-income farms involve a great deal of balancing. First, multiple-income farm families should enjoy what they do. They should balance work and family and negotiate priorities as a family.

A stable cash flow should be created and an off-farm job should pay enough to cover basic

living expenses. The farm should not require a full-time commitment. The strategy should include the delegation of responsibility as well as market assessment, appropriate production, and equipment selection. Finally, as the strategy is mapped, the multiple-income family should know why it has chosen this lifestyle.



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### OTHER OPPORTUNITIES

During the Four Roads to the Future of Agriculture Conference the agricultural leaders identified two possible additional opportunities for success in agriculture. Those approaches, though not discussed in detail, are considered

viable options for farmers. Diversity farms are those which integrate crops and livestock into a single system. Custom service providers and custom crop producers are those who provide labor and equipment, but do not own or rent farm land.

### CONCLUSION

We hope the information included in this brochure will help farm families more clearly identify future directions for their operations. For those working with the farm sector, the information should assist in providing the

services and educational programs needed by a diverse audience.

For more information, contact James D. Johnson, Special Projects Coordinator, ISU Extension to Agriculture and Natural Resources, (515) 294-7801.

#### ...and justice for all

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