

# Tomorrow's Farm Managers: Who Will They Be and How Will They Learn?

The changing agricultural environment has wide-reaching implications for farm and ranch managers of the future. A turbulent business environment arising from increased integration of the agricultural sector into the national and world economies, technological change, projected changes in Government regulations, and expected changes in weather patterns will create new challenges for managers of farms and ranches.

Other changes are occurring in the agricultural sector that will affect the types of skills farm managers need; these include the movement toward fewer and larger commercial farms, a proliferation of part-time farmers near urban areas, increased vertical integration in livestock production, and increased involvement of lending institutions in farm management and ownership. These changes affect the way farms and ranches are managed, the knowledge tomorrow's managers will need, and the forms their training will take.

Tomorrow's managers will be fewer in number, better educated, and more diverse than those of yesterday. They will use a broader set of managerial skills to meet the challenges of the turbulent business environment of the future. And they will have access to new information and management skills that go beyond their formal education. This continuing educational process will take many forms, ranging from technology-based information transfer to intensive management development programs.

## Tomorrow's Managers

The challenges of managing the farms and ranches of tomorrow will be met by a wide and diverse group of managers. Farming is a business, and the successful farm operation will be managed as a business. The farms may be owned and operated by families, partnerships, or corporations, but the management will rely on business skills for success.

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While experience is one method of developing these business skills, continuing education and training combined with farm experience is a faster, less risky means of developing sound business skills and practices.

The traditional types of farm business entities—sole proprietorships, partnerships, family corporations, and other corporations—will continue into the future. However, two new types of farming operations may become more prevalent in the future:

- Professionally managed farming operations—typically operated by lending institutions, farm management companies, or insurance companies—will be managed by a wide range of individuals, with backgrounds similar to managers employed by corporate farming operations.

- Vertically integrated production operations are becoming increasingly prevalent in livestock production and may increase in grain production as new technologies emerge. Management depends on arrangements between the production operation and the integrator, who often plays an important role in continuing education and professional development of these managers.

### **Skills Managers Will Need**

Tomorrow's farm and ranch managers will need an expanded set of managerial skills to succeed. Managerial skills in three areas—communication, business and economics, and technology—will be developed through formal university education, business experience, and continuing education.

R.P. King and S.T. Sonka have identified five areas of management skills that tomorrow's farm and ranch managers will apply to a broad set of problems:

### **Managing Innovation and Change.**

Changes in technology, information, and marketing systems are occurring at an increasing rate. As this rate of change continues, farm and ranch managers will be forced to adopt new practices and employ strategic thinking to survive. Changing consumer demand also will require increased innovation to fill existing or developing market niches.

**Managing Risk.** The growing exposure to global competition in production and financial markets; changing Government policies related to trade, supply, and the environment; and changes in climate require new managerial skills in dealing with risk. Tomorrow's farm and ranch managers will be forced to use the futures and options markets, contractual arrangements, and other risk-shifting tools to manage these risks.

### **Designing Effective Organizations.**

As the structure of farms and ranches evolves over the next several years, managers will confront many organizational challenges, including the need to develop organizations that use labor effectively and that can take advantage of new relationships with buyers, suppliers, and competitors.

**Designing Information Systems.** Increasing information and rapidly evolving information technologies create a distinctive set of challenges for farm and ranch managers. Practical information acquisition systems and computer decision support systems will continue to be developed to aid managers in this area.

**Managing Human Resources.** As the average size of commercial farms increases and the number of part-time farmers grows, human resource problems will become more important to farm and ranch managers. These prob-

lems may be exacerbated by absentee land owners and managers. The challenges of dealing with more seasonal employees, reliance on specialized personnel, and expanded interactions with suppliers, buyers, and processors are likely to occupy more and more of the farm or ranch manager's time. The part-time farmers will face the need to balance farming demands with off-farm employment.

### **Strategic Planning**

In addition to developing these five specific skills, farm and ranch managers will have to be strategic thinkers, capable of dealing with a turbulent environment by using the techniques and tools of strategic planning. (See Part II, Chapter 1 on strategic planning.) These techniques will aid in managing technological innovations and in dealing with changing governmental policies, markets, weather, and business. Although based on theory and technical knowledge, these skills will best be developed through case study learning experiences.

### **Global Marketplace**

The managers of tomorrow's farms and ranches will need to understand agricultural production and marketing in the global marketplace. This implicitly includes an understanding of consumers and their evolving needs. As the firms that farm and ranch managers deal with as buyers, suppliers, and competitors become increasingly global, the managers of the production operation will need to understand their needs to better develop working relationships. In addition, exciting opportunities may exist for cooperation between individual farms and ranches or among groups of farms and ranches, particularly in sat-

isfying consumer needs by filling niche markets. Farm managers will likely learn about changing consumer needs through nontraditional study—including internships, study abroad programs, and various conferences and institutes.

### **Computers as Management Tools**

The farm and ranch manager of the future must also be computer literate. In addition to serving as a valuable information-management tool, the computer will become increasingly important to the manager as a decision aid and as a means of communicating with other producers, trade associations, private firms, and government agencies. Short courses and home study will likely provide important training, as will expanded use of computer simulations in traditional classroom settings.

Farmers have always made decisions in a risky and uncertain environment. The number of factors that affect that uncertain environment has been increasing and will continue to increase. However, computer programs are now available, at a low cost, that can help farmers analyze the risks associated with their decisions. Almost all college graduates today are exposed to, understand, and accept computer technology and know it can be used to sort vast quantities of information and aid in making decisions. As past generations of farmers are followed by a computer-literate generation, demand will increase for continuing education on ways to use the latest information and technology for short- and long-term decisionmaking. (See Part III, Chapters 2, 8, 9, and 12 on computers as farm management tools.)

## **Markets, Employees, and Competitors**

The farm and ranch manager of the future will face an increasing need to understand the behavioral aspects of markets, employees, and competitors. Increased understanding of the liberal arts, as well as business concepts and practices, will be important. Effective networks among peers will also help. These needs will be best addressed through traditional educational programs, ongoing home study, and professional education programs through trade or grower associations.

## **Multiple Training Sources**

To train tomorrow's farm and ranch managers, existing educational programs are likely to be modified—with a great deal of supplemental support from what might be termed nontraditional sources. The following will be key sources of training for tomorrow's managers:

**Formal College Education.** The land-grant universities will continue to provide training in the technical skills needed by farm and ranch managers—with an increasing reliance on agricultural economics, communications, and business departments to fill in the communication, economic, and business skills noted above. In addition, nonland-grant educational institutions are likely to continue to focus on technical training with a business orientation; however, they will continue to be regional in scope. Graduate education for farm and ranch managers is likely to become increasingly important, with many farm managers pursuing MBA degrees (with an agricultural or agribusiness specialization in some cases).

**Management Development Programs.** Colleges and universities are likely to continue to provide manage-

ment and executive development programs for nontraditional students for farm and ranch managers, particularly the “sundowners” (part-time farmers living near urban areas). These programs will offer nondegree courses on specific topics related to managing the farm operation and may build sequentially toward a certificate of completion. The divergence in types of farm managers will lead to development programs for particular management segments. For example, programs will address the needs of large commercial grain operators, vertically integrated livestock producers, and small part-time operators.

**Extension Education.** The role of Extension in farm and ranch manager education is likely to change significantly. In part, this is due to the nature of many of the subjects now taught—many of which require longer periods of study that are more like regular courses than traditional 1-day Extension meetings. As a result, we are apt to see more continuing education Extension efforts, with farm and ranch managers relying on the traditional Extension meetings for informational updates. However, the informational update meetings are likely to decline as a source of information for commercial farms while becoming more important for part-time farmers as changes continue in information and technology transfer.

**Corporate Training Programs.** As agribusiness firms involved in supplying inputs to farms and ranches seek new ways to build loyalty among their customers, they will offer more training programs. Many of these programs will focus on specific management or technical skills associated with new technologies. Firms that own farms and ranches will seek to provide educational

programs for their professional managers. Access to these programs will be selective—dependent on the manager's association with the firm.

**Home Study Programs.** Enhancements in computer and video technology, along with increased communication among managers, will lead to greater use of home study materials by farm and ranch managers. A broad range of educational materials on management skills—ranging from technical to operational—will be included in these home study programs. However, the home study programs will need to be targeted toward a particular segment of the diverse group of farm managers. Private consulting firms may develop customized study courses for the manager's home operation. The course-based Extension efforts noted above will likely include home study programs. Finally, as technology continues to evolve, we are likely to see educators developing and delivering home study courses—perhaps in conjunction with television broadcasts.

**Professional and Trade Associations.** The expanded global marketplace will likely enhance the role of professional and trade associations. As these groups strive to increase membership, they are likely to offer short courses that will enable farm and ranch managers to build a network of contacts across the globe, and also gain specific knowledge. These programs, which will likely require participants to pay a fee, may become an important source of management training, particularly in the area of strategic thinking and global issues.