

GENERAL SESSION I
***Impacts of the Financial Market Crisis
on the Agriculture Sector***

Dr. Allen Featherstone, KSU Dept. of Agricultural Economics

Allen M. Featherstone, Director of Masters of Agribusiness and Professor of Agricultural Economics at Kansas State University, holds M.S. and Ph.D. degrees in agricultural economics from Purdue University. He also holds a B.S. in agricultural economics and economics from the University of Wisconsin-River Falls.

Professor Featherstone is recognized as a leading scholar in agricultural finance. His work has resulted in teaching and research awards as well as quotation in the Wall Street Journal and other popular publications. He served as an Associate Editor for the American Journal of Agricultural Economics and on the editorial board of Choices. He has more than 90 articles published in journals such as The Review of Economics and Statistics, American Journal of Agricultural Economics, Review of Agricultural Economics, Applied Economics, and Agricultural Finance Review. Allen has international experience lecturing and researching in Europe, Asia, Africa, and South America.

Abstract/Summary

The last half of 2008 was one of the more turbulent times since the Great Depression. The origin of that turbulence were sown years previously due to a variety of reasons including historically low interest rates, lax credit standards in the home mortgage market partially encouraged by the U.S. Congress, and bad decisions made by market participants including mortgage lenders, mortgage borrowers, and Wall Street. The results of the crisis has been a tremendous destruction of wealth globally, reduced credit availability, and a low level of consumer confidence that has not been seen in nearly 30 years. At the same time, the U.S. agricultural sector during 2008 was very healthy. In some respects, the health of the production agricultural sector is as good as it has been in nearly 30 years. However, there are certainly some ominous features on the horizon that could affect the health of the agricultural sector. This presentation will examine the Financial Crisis and its impacts on the agricultural sector.

**GENERAL SESSION II: EVENING ADDRESS
A Conversation With Farm Journal's Top Producer**

**Lon Frahm, Frahm Farmland
2009 Top Producer of the Year**

Lon Frahm is the 6th generation of his family to farm in Thomas County, Kansas. His great-grandfather was one of the first in the area to adopt summer fallow practices. He manages Frahm Farmland, currently farming 16,000 acres of dryland and irrigated corn, wheat, milo, and soybeans.

Lon serves on the Board of Midwest Energy based in Hays, the largest gas/electric utility in the state, as well as the Kansas Water Authority, representing the western Groundwater Management Districts. He also is on the advisory boards of the Kansas Geological Survey and the Hall Center for the Humanities at KU. Also at the state level, he serves as a Commissioner on the Kansas Arts Commission. Locally he serves on the board of Citizens Medical Center and the Thomas County Historical Society.

Lon is a graduate of KARL, and of the Leadership Kansas program and was named Alumni of the year by that program in 2008. He is also an alumnus of K-State MAST and MAB programs in the Department Agricultural Economics.

He was recently was named 2009 Top Producer of the Year by Farm Journal at the Top Producer Seminar in Chicago.

Abstract/Summary

In an interview format with Eric Atkinson from the K-State Radio Network (KSRN), Lon will discuss some of the things that have most helped him be successful and motivate others, including his continuing learning and education, his extensive industry and community service, and the importance of managing change and technology in his business practices.

GENERAL SESSION III

Grain Outlook

Michael Woolverton, Kansas State University

Mike Woolverton received his Ph.D. from the University of Missouri. After serving on the faculties of The Ohio State University and Arizona State University, he became the Continental Grain Professor of Agribusiness at the American Graduate School of International Management, where he now has emeritus status. Woolverton is currently Professor and Extension specialist at Kansas State University with responsibilities that include grain marketing and bio-fuel economics. Professor Woolverton has written five textbooks, the most recent of which is *Agribusiness Marketing: The Management Perspective*, and was the founder and long-time Managing Editor of *Agribusiness: An International Journal*. He was a member of the founding board of directors of the International Agribusiness Management Association, now called the International Food and Agribusiness Management Association. Woolverton was named an Association Fellow in 2003. Woolverton's research interests include structure and performance of the grain and oilseed marketing system, economics of the bio-energy industries, risk management for commodities, and strategic leadership. He has had extensive international experience including long-term assignments in Europe and Asia and short-term executive education programs in Europe, Asia, North Africa, and the Middle East.

Abstract/Summary

In one year, grain and oilseed prices dropped from historic highs to at or below the cost of production for many producers. Global economic recession, demand 'destruction', speculative activity, outside influences, weather, and other factors influenced unprecedented price fluctuations. This grain outlook session will examine the current grain and oilseed supply and demand situations using the latest USDA estimates. The primary focus will be on price trends that, looking forward, may offer marketing opportunities for wheat and fall harvested crops.

**GENERAL SESSION III
*Livestock Outlook***

Jim Mintert, Purdue University

Dr. James Mintert is Assistant Director of Extension, Agriculture and Natural Resources at Purdue University. Prior to joining Purdue University in 2009, Mintert was Professor and Extension State Leader in the Department of Agricultural Economics at Kansas State University. Mintert holds B.S. and M.S. degrees in agricultural economics from Purdue University and a Ph.D. from the University of Missouri. Dr. Mintert has received numerous awards including Outstanding Extension Program Awards from both the American Agricultural Economics Association and the Western Agricultural Economics Association, in addition to the American Agricultural Economics Association's Premier Forecaster Award for his livestock production and price forecasts. Dr. Mintert is also the author of over 200 publications focusing on the economics of the livestock industry and, for over two decades, taught Commodity Futures Markets, which focused on developing and evaluating commodity risk management strategies.

Abstract/Summary

Losses throughout the livestock sector have been severe during 2008 and 2009. Weak demand for meat and livestock products has been the culprit. What's going to take place the rest of 2009 and 2010? Will demand recover or will we have to reduce supplies to counterbalance the demand decline? How long will the adjustment take and how quickly will the profit picture improve?



2009 Risk and Profit Conference General Session Speakers

"Knowledge for Life"

GENERAL SESSION IV ***The Future of Kansas State University in Addressing the Land Grant Mission***

President Kirk Schulz, Kansas State University

Kirk Schulz was born in Portsmouth, Virginia, in 1963 and was raised in Norfolk, Virginia. Following graduation from high school in 1981, he attended Old Dominion University for 3 years, after which he transferred to Virginia Tech. Kirk enrolled in the Chemical Engineering program there, graduating with his B.S. and Ph.D. degrees in Chemical Engineering in 1986 and 1991, respectively.

Following graduation, Kirk worked 4 years at the University of North Dakota in Grand Forks and 6 years at Michigan Tech, then served on the faculty at Mississippi State University from 2001-2009. At MSU, he served as Director of the Dave C. Swalm School of Chemical Engineering from 2001 to 2004, Dean of the James Worth Bagley College of Engineering from 2004 to 2006, and Vice President for Research and Economic Development from 2007 to 2009.

In early 2009, Dr. Schulz was selected as the 13th President of Kansas State University.

Kirk is a member of the ABET Engineering Accreditation Commission (EAC) and a member of AIChE, ASEE, and ABET. He was named a Fellow of the American Association for the Advancement of Science (AAAS) in 2007 and a Fellow of the American Society for Engineering Education (ASEE) in 2008.

He is married to Noel Nunnally Schulz, who is the Pasley Professor of Electrical and Computer Engineering at K-State. They have two sons, Tim (18), a freshman at Mississippi State University, and Andrew (14), a student at Manhattan High School.

1. The Post-recession Economic Landscape for Food and Agriculture: Maintaining Our Competitiveness

Mike Woolverton

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Mike Woolverton received his Ph.D. from the University of Missouri. After serving on the faculties of The Ohio State University and Arizona State University, he became the Continental Grain Professor of Agribusiness at the American Graduate School of International Management, where he now has emeritus status. Woolverton is currently Professor and Extension specialist at Kansas State University with responsibilities that include grain marketing and bio-fuel economics. Professor Woolverton has written five textbooks, the most recent of which is Agribusiness Marketing: The Management Perspective, and was the founder and long-time Managing Editor of Agribusiness: An International Journal. He was a member of the founding board of directors of the International Agribusiness Management Association, now called the International Food and Agribusiness Management Association. Woolverton was named an Association Fellow in 2003. Woolverton's research interests include structure and performance of the grain and oilseed marketing system, economics of the bio-energy industries, risk management for commodities, and strategic leadership. He has had extensive international experience including long-term assignments in Europe and Asia and short-term executive education programs in Europe, Asia, North Africa, and the Middle East.

Daniel O'Brien

<dobrien@ksu.edu>

Daniel O'Brien was raised on a grain and livestock farm in south central Nebraska, in which he still has an interest with his father and three brothers. He received both Bachelor of Science (1978) and Master of Science (1980) degrees in Agricultural Economics from the University of Nebraska-Lincoln. The focus of his M.S. thesis was on analyzing the impact of agricultural cooperatives on rural Nebraska fertilizer markets. O'Brien then worked as an extension agent in western (Lincoln County) and northeastern (Pierce County) Nebraska for seven years beginning in early 1981. While attending graduate school at Iowa State University beginning in 1987, O'Brien worked as an Extension Assistant in Agricultural Marketing, focusing on analysis grain and livestock market situation and outlook and price risk management strategies. He completed his Ph.D. in December 1993, focusing his dissertation research on developing a method by which to forecast the probability of alternative U.S. harvest time corn futures price outcomes. While working as Extension Farm Management Specialist in Northwest Iowa during 1993 through early 1995, he became heavily involved in analysis of the structural changes in the Iowa livestock industry associated with contract hog production. From March 1995 through May 2003, O'Brien worked as the Extension Agricultural Economist in Northwest Kansas based out of the Northwest Research and Extension Center in Colby. He held the position of Northwest Area Extension Administrative Director starting in June 2003 before returning to his Extension Agricultural Economist position in January 2007. Daniel O'Brien's ongoing extension and applied research interests and efforts are in the areas of a) grain market supply-demand analysis, bioenergy impacts and price-income risk management strategies, b) grain industry market structure, conduct and performance – focusing on grain handling and transportation issues, and c) economic analysis of irrigated and dryland cropping systems, and associated cropland leasing arrangements.

Abstract/Summary

It is not an economic depression...but it feels like it to lots of people. Except for livestock, most agriculture and food industries have escaped major damage - so far. However, the playing field is being changed under our feet by the 'Great Recession,' natural developments around the world, and by government actions. This session will examine issues such as government involvement, the potential for inflation, energy, climate change legislation, global food demand, and food security to paint a picture of the economic landscape as it might appear after the recovery. The overarching issue is – Will United States agriculture and related food industries remain competitive in the post-recession global economy?

2. Macroeconomic Theories that Rule the World

Vincent Amanor-Boadu

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Dr. Vincent Amanor-Boadu is the director of the Kansas Ag Innovation Center and an assistant professor in the Department of Agricultural Economics, Kansas State University. Vincent received his PhD from the University of Guelph in Ontario, Canada and directed research at the George Morris Center, an agri-food think-tank, for almost a decade after graduation. Vincent joined K-State in 2002. He teaches at both the undergraduate and graduate levels and conducts research in business development and strategy with a focus on understanding consumer decision-making. Vincent also maintains an active outreach program centered on entrepreneurial economic development and wealth creation in small towns and rural communities. He is a member of the board of directors of Farms.com, LLC and the Kansas Agriculture and Rural Leadership, Inc.

Abstract/Summary

A few major theories rule national and international economies and the lenses through which policymakers view economic problems define the theories dominating their policies. Increasing globalization ensures that no country and its citizens are protected from the dominant theories in operation in any other major country. This paper provides an overview of the major macroeconomic theories competing for attention and argues that business leaders have to develop sound appreciation of their effects and develop coherent strategies to minimize any adverse effects or maximize any beneficial effects they may present.

3. Optimal Level of Crop Insurance Combined with SURE and ACRE

Art Barnaby

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Art Barnaby was raised on a diversified farm, located in Elk County, Kansas. Art received his B.S. degree from Fort Hays State University, M.S. from New Mexico State University and a Ph.D. in Agricultural Economics from Texas A&M University. Art joined the Agricultural Economics faculty in 1979. He currently holds the rank of Professor. Art conducts statewide extension education programs on financial planning, risk, government commodity programs, and crop insurance. Art is an author of the KSU Risk Management WEB page located at: <http://www.agmanager.info>. He is an author on several research projects that cover alternative crop insurance designs and their impacts on farmers. Art has also worked with the private crop insurance industry, RMA, and Farmer Commodity groups on crop insurance issues. His research work with the private sector was the basis for the first revenue insurance contract, Crop Revenue Coverage. Art is a past three time winner of the American Agricultural Economics Association Distinguished Extension Program Award. Art is a frequent speaker at professional, farmer-producer, ag lenders, and insurance industry meetings.

Abstract/Summary

With the declining prices the question remains, why so little interest in ACRE? This session will explore the historical payouts that ACRE would have generated in addition to the most current year. For the current year, continuing to update prices and yield forecasts will ultimately determine the 2009 ACRE payment. In addition, the SURE program implementation rules are not expected until December. However, this will be the third wheat crop covered under SURE without knowing the SURE rules. Depending on the implementation rules, optimal levels of crop insurance could easily change.

4. Why Producers Should Consider Managing Supply Chain Risk

Michael Boland

<mboland@agecon.ksu.edu>

Michael Boland provides information to agribusinesses and cooperatives for use in analyzing alternative managerial decisions. This information is made available through a variety of outlets including case studies, applied publications, scholarly journals, and industry meetings. He has written over 60 case studies and has lectured or worked in more than 50 countries. Mike also serves as associate director of the Arthur Capper Cooperative Center where he teaches director leadership programs in 14 states. He teaches courses in agribusiness policy and strategy, and international agribusiness and has led student study trips in more than 15 countries including a study tour of Southern Africa in December 2009. He recently returned from three weeks of lecturing in Saudi Arabia and other countries in the Middle East.

Abstract/Summary

Professor Boland will present an overview of drivers of change in the retail agronomy and grain origination industries in Great Plains, present data to show estimated farm income over fertilizer costs for past five years for different cropping systems, and discuss new risk management programs that several ag retailers are developing that would allow a producer to price their inputs and sell their grain simultaneously to help a producer manage supply chain risk.

5. Interest Rates

Joe Arata

<joea@ksu.edu>

Joe Arata teaches courses, provides information and conducts research on commodity futures, options on futures and off exchange derivatives. Currently he is working on an analysis of futures market price valuation and market information. Analyzing profit due to underlying asset price changes as opposed to profit due to option mispricing. Decompose option mispricing into volatility and formula error.

Abstract/Summary

This informal presentation will start with a definition of the U.S. money supply, look at the equation of exchange and the alphabet soup of Federal Reserve Bank programs that were and are supposed to improve US financial markets function and credit market access. We will talk about money velocity, interest rates and inflation. During the presentation we will review all those things that we should have learned in macro economics but didn't.

6. Now You See It, Now You Don't: Why Packer Market Power is So Elusive

Rodney Jones

<rodney.jones@okstate.edu>

Dr. Rodney Jones is an Area Agricultural Economics Specialist associated with Oklahoma State University Cooperative Extension Service, working out of the Enid, Oklahoma office. Prior to this current position, Dr. Jones held a split Extension, Research, and Teaching appointment in the Agricultural Economics Department at Kansas State University. He holds both B.S. and M.S degrees in Agricultural Economics from Kansas State, and received a Ph.D. in Agricultural Economics from Virginia Tech in 1995. Dr. Jones has a particular interest in the economic efficiency of the agricultural sector at the farm level, and helping agricultural producers make sound economic choices. Extension responsibilities and associated applied research interests focus on a variety of agricultural production economics, marketing, and policy topics, and strategic business planning and family business transition planning for agricultural producers. Dr. Jones maintains an active interest in family farming operations in North Central Oklahoma and South Central Kansas.

Tian Xia

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Tian Xia is an assistant professor in the Department of Agricultural Economics at Kansas State University with research interests in industrial organization in food and agricultural industries, applied econometrics, and international trade and policy. He holds a Ph.D. degree in agricultural and resource economics from University of California, Davis. His current research focuses on industrial organization issues such as contracts and vertical coordination, product differentiation, market structure, and competition in food and agricultural industries. His teaching interests are market structure and organization, econometrics, demand and price analysis, and international trade. He teaches a undergraduate course in international agricultural trade and a Ph.D. course in agricultural demand and commodity markets.

John Crespi

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Dr. Crespi's research focuses on industrial organization and product differentiation issues in food and agriculture. His interests include product-quality differences that affect commodity promotion, food safety regulations, food labeling, and the competitive structure of markets. He has worked as a consultant for several commodity boards performing studies to measure the effectiveness of industry-financed generic advertising. Dr. Crespi teaches courses in agribusiness marketing, research methods, as well as a team-taught course in quantitative methods.

Abstract/Summary

Cattle production follows a dynamic cycle and cattle markets receive much scrutiny because of the potential for packer market power. The relationship between the two has been little studied, however. This paper provides a simple conceptual framework to study how the cattle cycle and buyer market power jointly affect the bargaining position between producers and packers. A larger cattle stock leads to a lower fed cattle price when beef packers have market power in cattle procurement. This is intuitive, but what is not obvious is the feedback effect on the cycle itself. The authors find that the cattle stock's negative effect on price is magnified by the degree of buyer market power in cattle procurement but that over the cycle, the effects can be short-lived. Empirical findings support the posited theoretical relationships. The research is important to help understand why research into market power in cattle procurement can give such varied results.

7. Flexible Cash Rents: Why and How

Kevin Dhuyvetter

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Kevin Dhuyvetter assists farmers, landowners, and others throughout Kansas with risk and return assessment of alternative crop and livestock production and marketing systems. He works extensively with land-related issues such as buying and leasing land. Current research and extension efforts are examining relationships between energy prices and crop inputs, estimating crop yield and fertilizer and water relationships, economics of no-tillage, the economics of grazing systems, and factors affecting feeder cattle prices and basis. One of Kevin's trademarks is his development of decision tools that can be used by clientele for helping them with the myriad of decisions they face in their operations.

Terry Kastens

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Terry Kastens thrives on crunching numbers in innovative ways for the purpose of making more profitable farm management and investment decisions. He routinely works in areas of marketing, precision agriculture, machinery management, soil fertility management, no-till economics, and most importantly, land ownership and leasing. He is especially intrigued by thinking about the future and how farm managers, agribusinesses, and investors can gain from the wisdom of their forbearers yet think differently to position themselves for a profitable future in production agriculture.

Abstract/Summary

Crop share leasing arrangements have historically been the dominant lease type in Kansas, however, the trend is towards more cash rent leases. While there can be good reasons to consider a cash lease, the recent volatility in commodity markets has made it very difficult to establish a fixed cash rent that is "fair" to all parties. FSA recently ruled that bonuses and flexible cash leases would be treated as cash rents thus making it easier for producers and landowners to consider some type of variable cash rent arrangement. Unfortunately, there is not a "right answer" as to how flexible cash leases should be defined. This session will discuss leases in general, compare alternative leasing arrangements, and provide examples of how a flexible cash lease might be designed and implemented.

8. The Impact of Kansas Grain Industry Structure on Corn and Wheat Bids

Daniel O'Brien

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Daniel O'Brien was raised on a grain and livestock farm in south central Nebraska, in which he still has an interest with his father and three brothers. He received both Bachelor of Science (1978) and Master of Science (1980) degrees in Agricultural Economics from the University of Nebraska-Lincoln. The focus of his M.S. thesis was on analyzing the impact of agricultural cooperatives on rural Nebraska fertilizer markets. O'Brien then worked as an extension agent in western (Lincoln County) and northeastern (Pierce County) Nebraska for seven years beginning in early 1981. While attending graduate school at Iowa State University beginning in 1987, O'Brien worked as an Extension Assistant in Agricultural Marketing, focusing on analysis grain and livestock market situation and outlook and price risk management strategies. He completed his Ph.D. in December 1993, focusing his dissertation research on developing a method by which to forecast the probability of alternative U.S. harvest time corn futures price outcomes. While working as Extension Farm Management Specialist in Northwest Iowa during 1993 through early 1995, he became heavily involved in analysis of the structural changes in the Iowa livestock industry associated with contract hog production. From March 1995 through May 2003, O'Brien worked as the Extension Agricultural Economist in Northwest Kansas based out of the Northwest Research and Extension Center in Colby. He held the position of Northwest Area Extension Administrative Director starting in June 2003 before returning to his Extension Agricultural Economist position in January 2007. Daniel O'Brien's ongoing extension and applied research interests and efforts are in the areas of a) grain market supply-demand analysis, bioenergy impacts and price-income risk management strategies, b) grain industry market structure, conduct and performance – focusing on grain handling and transportation issues, and c) economic analysis of irrigated and dryland cropping systems, and associated cropland leasing arrangements.

Abstract/Summary

The corn and wheat cash prices in Kansas are affected by a number of local supply-demand, market structure, transportation access and other factors. Kansas corn prices in 2008 were affected by form of business organization, local feedgrain production and livestock feed usage, elevator storage capacity, access to railroad grain handling facilities, and to a limited degree by the number of competitors in local markets. During 2008 geographic proximity to grain ethanol plants did not have a positive statistically significant impact on local corn prices, although a number of mitigating factors may have existed during that time period. Kansas wheat prices in 2008 were affected by local wheat production, elevator storage capacity, the number of competitors in local markets, and by location relative to flour mills in the state. Evidence of operating cost and efficiency differences among grain elevators indicate the presence of market power in local Kansas grain markets.

A disparity exists in the size of grain storage and handling facilities and rail car capacities among grain elevators in Kansas. A small number of larger capacity grain elevator facilities exist throughout the state along with a large number of medium to small facilities. There is also a marked disparity among geographic crop reporting districts in Kansas in terms of grain production, grain elevator capacity, and associated rail car handling capacity. A large number of multiple location agribusiness firms exist in Kansas. These multiple location firms are mostly Cooperatives operating in regional markets, but there are also a limited number of major Independent and Joint Venture multi-location firms in the state. A small number of multiple site Independent firms exist that have large grain handling and rail capacity which are widely dispersed across the state. Competitive market conditions in local/regional grain markets in Kansas tend to be affected by the existence and location of shuttle and/or unit train grain handling facilities and major grain terminals. Delineation of rail procurement areas offers an "upstream – downstream" perspective of grain markets and grain market flows in regions that depend on rail transportation to move grain from producing areas to exporters, processors and/or livestock feeders. Truck transport of grain is a major factor in movement of grain and feed products over all distances less than what is economically serviceable via rail.

9. Country of Origin Labeling

Alex Saak

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Alex Saak is an assistant professor in the Department of Agricultural Economics at Kansas State University, and has been on the faculty since 2005. A native of Russia, he received his B.S degree from the Taganrog State University in Russia, and his Ph.D. degree from Iowa State University. Following his graduation from Iowa State University, he worked in the Center for Agricultural and Rural Development at Iowa State University. His research program focuses on the economics of information and risk in agricultural markets. Recent studies have focused on evaluating the country of origin labeling policy and the role of reputation in provision of quality and food safety. He has 12 articles published in top agricultural economics and economics journals such as American Journal of Agricultural Economics, Review of Agricultural Economics, European Review of Agricultural Economics, Journal of Industrial Economics, Journal of Environmental Economics and Management, Journal of Agricultural and Resource Economics, Economic Theory, and Economics Letters. He serves on many committees, teaches courses on dynamic optimization, risk management, industrial organization, and international trade and agricultural markets, and advises undergraduate and graduate students.

Abstract/Summary

Until recently voluntary country-of-origin labeling of food products was relatively uncommon in the U.S. The mandatory country of origin labeling (MCOOL) regulation, which went into effect in 2009, requires food retailers to notify their customers of the country of origin of various agricultural products. In this presentation, we discuss several approaches to evaluating the impact of the MCOOL policy on welfare. We consider the economic implications of MCOOL in markets in which product origin provides an important cue to consumers who have different rankings of products from different countries as well as in markets in which product origin serves as a signal of quality to all consumers.

10. Strategically Speaking...: The Increasing Need for Strategic Thinking in Farm Businesses

Vincent Amanor-Boadu

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Dr. Vincent Amanor-Boadu is the director of the Kansas Ag Innovation Center and an assistant professor in the Department of Agricultural Economics, Kansas State University. Vincent received his PhD from the University of Guelph in Ontario, Canada and directed research at the George Morris Center, an agri-food think-tank, for almost a decade after graduation. Vincent joined K-State in 2002. He teaches at both the undergraduate and graduate levels and conducts research in business development and strategy with a focus on understanding consumer decision-making. Vincent also maintains an active outreach program centered on entrepreneurial economic development and wealth creation in small towns and rural communities. He is a member of the board of directors of Farms.com, LLC and the Kansas Agriculture and Rural Leadership, Inc.

Abstract/Summary

With change happening at an ever increasing rate and engendering uncertainty of outcomes and usefulness of strategies, it is becoming increasingly necessary for agricultural producers to do the unthinkable and enhance the level of strategic thinking they do about their businesses. This paper defines strategic thinking and makes the case for producers to incorporate it into their habits in order to effectively manage the current and emerging marketplace uncertainties. The paper suggests that an important aspect of strategic thinking is an appreciation of alternative futures and an assessment of the potential of these futures on the competitiveness of the business through simulation and thought experiments. The paper provides a step-by-step process for developing the habit of strategic thinking with the singular view of enhancing the farm business' competitive advantage.

11. A Risk Analysis of Converting CRP Acres to a Wheat-Sorghum-Fallow Rotation in Western Kansas

Rich Llewelyn

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Rich Llewelyn is an Extension Assistant in the Department of Agricultural Economics at K-State. A graduate of K-State with a PhD in Agricultural Economics in 1995, he spent 10 years teaching economics and working with urban community development in Surabaya, Indonesia before returning to Kansas in 2006 to work with the AgManager.info website and departmental conferences, including Risk and Profit.

Jeff Williams

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Jeff Williams is a Professor of Agricultural Economics at Kansas State University. He teaches courses in Natural Resource and Environmental Economics, Farm Management and Risk Management. His research involves evaluating the profitability and risk of biomass production, tillage and cropping systems, soil carbon sequestration and best management practices to improve water quality.

Abstract/Summary

This study examines the economic potential of producing a wheat-grain sorghum-fallow rotation with three different tillage strategies (conventional, reduced, and no-tillage) compared to the Conservation Reserve Program (CRP) in western Kansas. Yields, input rates, and field operations from an experimental field at Tribune, KS are used to calculate net returns for each tillage strategy and the preferred management strategies are determined for various risk preferences. Although net returns to crop production using reduced tillage and no-tillage strategies with average crop prices for 2007-2008 are higher than CRP payments, risk analysis indicates CRP would be the preferred strategy for more risk-averse managers. When average crop prices for 2006-2008 are used, CRP payments are higher than returns from crop production. Based on this analysis, only those individuals who are risk-neutral or slightly risk-averse would prefer crop production to continue CRP enrollment in this region unless commodity prices reach the historically high levels of late 2007 and early 2008 and remain there.

12. Commodity Swaps

Orlen Grunewald

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Orlen Grunewald is a professor in the Department of Agricultural Economics at Kansas State University. He teaches undergraduate courses in food and agribusiness management and in commodity futures and options markets. He teaches a graduate course on computer decision tools in agribusiness in the Masters of Agribusiness program. His current research focuses on evaluating farm efficiency of Kansas farms to determine factors which influence efficiency in grain, cattle and dairy enterprises.

Abstract/Summary

Commodity markets have experienced unprecedented volatility in recent years, exposing grain producers, elevators and agribusinesses to large swings in grain prices. Swaps are widely used as over-the-counter agreements between buyers and sellers of corn, wheat and soybeans. Grain swaps are popular because the terms of trade can be tailored to meet the needs of buyers for fixed pricing of grain supplies by establishing a forward price on a cash-settled basis. This means that buyers and sellers can settle the difference between the swap price and the market price at delivery through the CME Group Commodity Exchange and then sell or buy grain through the local cash market. Swaps act as a hedge for the risks of sharp price swings. The CME Group Commodity Exchange acts as a clearing house for the transaction to eliminate counter-party risk of default on the contract. Swaps extend the application of fixed forward pricing to the grain markets while permitting the parties in the transaction to determine the price, quality, quantity and delivery specifications in a private contract.

13. Dry Land Farming Risk and Profit: How Are They Affected by Tillage & Opportunity Cropping in Western Kansas?

Ray Smith

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Ray is the owner of Smith Land Company, Chalk Creek Farms, LLC., and Smith Gateway Farms, LLC. all family owned farms based in Sharon Springs Kansas. The farms specialize in dry land farming of wheat, corn, and milo in Greeley and Wallace Counties and have been in complete no-till since 2006. All field work for the farms is done by custom farmers and there are no full time employees. Smith is a native of Tribune, Kansas and holds a Masters Degree in Agricultural Economics and a Masters of Agribusiness, both from Kansas State University. Smith currently serves on the board of the Northwest Farm Management Association and the advisory board of the Southwest Research-Extension Center, Tribune.

Robert Burton, Jr.

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At Kansas State University, Bob Burton teaches Farm and Ranch Management, Production Economics, and Computer Applications in Agricultural Economics and Agribusiness. He also teaches Farm and Ranch Management as a distance learning course. Bob has participated in disciplinary and interdisciplinary research, often focusing on risk and return in whole-farm or ranch management. His training in Agricultural Economics includes B.S. and M.S. degrees from Virginia Tech and a Ph.D. from Purdue. He served in the U.S. Navy during the Viet Nam war. He worked in a research and teaching position at West Virginia University before starting his current job at Kansas State in 1984.

Alan Schlegel

<schlegel@ksu.edu>

Alan Schlegel is Professor and Agronomist in Charge of the Tribune Unit of the Kansas State University, Southwest Research-Extension Center. He has a B.S. in Agronomy from Kansas State, and an M.S. in Soil Fertility and a Ph.D. in Soil Microbiology/Fertility from Purdue. He has been employed at the Southwest Research-Extension Center since 1986. Primary research efforts have been with water and nutrient management strategies for cropping systems in a semi-arid environment. The focus of the dryland cropping systems research is to develop cropping strategies that reduce or eliminate tillage, increase capture and storage of precipitation, and reduce evaporation and erosion potential while enhancing crop yields and profitability. The goal is to replace traditional fallow systems using conventional tillage with more profitable systems that better preserve soil, water, and air quality.

Abstract/Summary

For a dry land case farm located in Greeley County, Kansas, risk and profit are determined for reduced-till and no-till rotations with and without opportunity cropping. Profit is defined as gross revenues minus variable costs during the 10-year study period. Because farmers are not adverse to high income years, risk is defined as the number of annual losses out of 10 and the average of the three lowest income years. Opportunity cropping involves planting a potentially more profitable crop when rainfall is adequate and using more fallow when rainfall is inadequate. Results indicate that the no-till rotation with opportunity cropping is most profitable; but the reduced-till rotation without opportunity cropping is least risky.

14. Relative Efficiency of Kansas Wheat Farms

Michael Langemeier

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Michael Langemeier is a professor of Agricultural Economics at KSU. He has been on the faculty since 1990. Extension and research interests include benchmarking of technical and financial performance, strategic positioning, and economies of size. In addition to his extension and research program, Michael teaches courses in Farm Management, Production Economics, and Managerial Economics.

Abstract/Summary

This presentation will document changes in wheat acreage in Kansas over the last 35 years, will compare trends in wheat yields to trends in feed grain yields, and will examine the technical and cost efficiency of farms with particular emphasis on how this efficiency relates to the proportion of farm income derived from wheat. Differences in wheat enterprise profitability and the importance of economies of size will also be discussed.

**15. Getting the Job Done:
Employee Wage Rates and Compensation Packages on
Kansas Farms**

Kevin Herbel

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Kevin Herbel has served as the Administrator of the Kansas Farm Management Association (KFMA) program since June of 2007 and Executive Director of the K-MAR-105 Association since May of 2008. He has extensive experience assisting Kansas farm decision makers manage their resources efficiently, primarily through one-on-one contact with farm families and individuals. This work has included record keeping assistance, in-depth whole-farm and enterprise analysis, benchmarking, labor management, tax planning and transition planning, with a goal of improved decision making. He received his B.S. degree in 1988 and his M.S. degree in 1991 both in Agricultural Economics at Kansas State University. Currently, Kevin provides leadership to the state-wide KFMA program and directs the data management at the K-MAR-105 Association.

Kiel Roehl

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Kiel Roehl is currently a graduate student seeking a master's degree in agricultural economics, with a focus on farm labor economics. He grew up on a farm in Lane county, Kansas. He has accepted the KFMA economist position in Colby and will be starting in January, 2010.

Abstract/Summary

What do you think of when someone mentions employees on the farm? Waste of time, pain in the neck, or can't do without them? Labor management is becoming increasingly important on Kansas farms. Attracting and retaining quality employees presents unique challenges that are difficult for many of us. This session will look at preliminary data from a Kansas Farm Management Association survey examining wage and benefit packages on Kansas farms and comparing this data to a similar survey completed in 2001. What does it take to recruit and retain employees? What are other farm managers doing? Should family and non-family employees be compensated differently? What can be done to improve working relationships on the farm?

16. Productivity Convergence Across Kansas Farms

Beth Yeager

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Beth is a Graduate Research Assistant at Kansas State University where she is pursuing a Ph.D. in Agricultural Economics. Beth holds a B.S. degree in Agricultural Economics from Kansas State University. Her research has primarily focused on farm efficiency, productivity, and benchmarking of financial performance.

Michael Langemeier

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Michael Langemeier is a professor of Agricultural Economics at KSU. He has been on the faculty since 1990. Extension and research interests include benchmarking of technical and financial performance, strategic positioning, and economies of size. In addition to his extension and research program, Michael teaches courses in Farm Management, Production Economics, and Managerial Economics.

Abstract/Summary

This presentation will document changes in productivity across Kansas farms over the last 30 years. The Malmquist productivity index is used to estimate the productivity changes for each farm every year and to determine if farms are "catching-up" to the same levels of productivity as the top farms in the study. Differences among these farms in terms of size, sources of income, productivity indices, and financial ratios will be discussed.

17. Management Strategies Affecting Calf Marketability

Lee Schulz

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Lee is currently pursuing his Ph.D. degree at Kansas State University in the Department of Agricultural Economics. He earned his M.S. degree in Agricultural Economics from Michigan State University and received his B.S. degree in Agricultural Business with a Minor in Animal Science from the University of Wisconsin-River Falls. Lee's research interests lie in the fields of price analysis and marketing with an application to the livestock industry. In particular, he is interested in analyzing agricultural price determinants, price forecasts, market demand, marketing strategies, and policy.

Kevin Dhuyvetter

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Kevin Dhuyvetter assists farmers, landowners, and others throughout Kansas with risk and return assessment of alternative crop and livestock production and marketing systems. He works extensively with land-related issues such as buying and leasing land. Current research and extension efforts are examining relationships between energy prices and crop inputs, estimating crop yield and fertilizer and water relationships, economics of no-tillage, the economics of grazing systems, and factors affecting feeder cattle prices and basis. One of Kevin's trademarks is his development of decision tools that can be used by clientele for helping them with the myriad of decisions they face in their operations.

Abstract/Summary

Information related to factors that influence the price of feeder cattle and calves is valuable to producers selling feeder cattle to help them make informed management and marketing decisions. Likewise, feeder cattle buyers need to understand value differences associated with various physical and marketing characteristics as they make purchasing decisions. Furthermore, it is important to understand how these price effects change with time. Accordingly, market participants are wary of relying upon dated pricing information when making management, marketing, and purchasing decisions. Results indicate that cattle producers can improve the prices they receive for feeder cattle by closely monitoring a number of management practices prior to the sale date.

18. Is Conservation Tillage Conserving Dollars In Your Pocket?: A Deeper Look at No-Tillage Practices on the Plains

Jason Bergtold <jasonbergtold@agecon.ksu.edu>

Jason Bergtold is an assistant professor with research focus in the areas of production economics, natural resource conservation and applied econometrics. His current research focus is on the adoption, intensification and retention of conservation practices and systems on-farm; the interface between on-farm biofuel feedstock production and conservation; and applied statistical theory concerning discrete choice modeling. Prior to coming to Kansas State University, Dr. Bergtold was in the employ of USDA-ARS National Soil Dynamics Laboratory in Auburn, AL as an Agricultural Economist working on the economics and adoption of conservation systems in the Southeast.

Sam Funk <funk@agecon.ksu.edu>

Sam is a former administrator of the Kansas Farm Management Association Programs at Kansas State University. His work in agricultural policy, farm financial management, and technological innovations have given him the opportunity to testify before Congress, present at the USDA Agricultural Outlook Forum and the American Seed Trade Association Corn and Sorghum Research Conference. Sam has presented on farm financial conditions and the impact of technology on producers at conferences in Kansas and across the Midwest.

Abstract/Summary

Conservation cropping systems offer a lot of advantages, including improvements in soil productivity, cash crop yield gains, lower production costs, reductions in soil erosion and off-site environmental impacts. A key factor in the realization of these benefits is management. While on individual crop basis, no-tillage cropping systems in Kansas have shown to be profitable, an examination of farm efficiency and its relation to alternative farm inputs (e.g. machinery, labor, land) has not been examined in depth. The purpose of this presentation is to delve into the efficiency and management of no-till cropping systems in Kansas, with specific focus on the North Central Kansas Farm Management Association (KFMA) district. We examine a snap-shot of a set of conventional tillage and no tillage farms and try to determine efficiency gains from no-till adoption. Furthermore, how the use of no-tillage impacts efficient input usage on-farm is examined. This research is a part of a larger project trying to examine the impact of no-till across the state of Kansas at the farm level over time. Preliminary data from a no-tillage survey of KFMA farmers has been collected for use in this analysis is presented.

19. Managing Risk Using AgManager.info

Rich Llewelyn

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Rich Llewelyn is an Extension Assistant in the Department of Agricultural Economics at K-State. A graduate of K-State with a PhD in Agricultural Economics in 1995, he spent 10 years teaching economics and working with urban community development in Surabaya, Indonesia before returning to Kansas in 2006 to work with the AgManager.info website and departmental conferences, including Risk and Profit.

Abstract/Summary

The Internet is an excellent way to obtain needed information. However, rapid changes in technology, the abundant and varied information available, as well as the increased mobility and interactivity allowed by the Internet can create challenges and difficulties in efficiently accessing and using the information on the web. Though not comprehensive, this presentation notes some of the current trends in Internet usage and seeks to help users to make more effective use of the Internet. The AgManager.info website is introduced and used as an example of some of the issues discussed.

20. The Obesity Epidemic--What it Means for Agriculture

Bryan Schurle

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Bryan Schurle has taught numerous courses in the undergraduate program, the graduate program and the Masters of Agribusiness program including introductory courses, computer courses, quantitative courses, agricultural finance and farm management. He is currently developing extension programs in transition planning and financial management for producers. His research program has revolved around risk issues for agriculture producers.

Troy Dumler

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Troy Dumler is a K-State Extension Agricultural Economist in southwest Kansas. A native of Kansas with B.S. and M.S. degrees in agricultural economics from Kansas State University, Troy has developed an Extension program centered on farm management and agricultural policy. Recently he has focused much of his attention on the 2008 Farm Bill, including working with farm organizations, government agencies, and Congressional offices to analyze how the new bill will impact farmers and ranchers.

Abstract/Summary

Many people have concluded that there is a major obesity problem in the United States. Some people have also suggested that agricultural policy is one of the causes of obesity. This paper looks at issues associated with obesity including how it is measured for individuals, how prevalent it is in the country, how it has changed over time and what some have suggested are causes of obesity. In addition, agricultural policies are reviewed and connections to the obesity problem explored along with potential implications for U.S. agricultural producers.