



Illinois

Be the Low Cost Producer!

Producers are always searching for more updated information to help them make good risk management decisions. The more understanding a producer has of risk management tools available to them, the better their chances are of being more profitable. Farm families involved in grain production and livestock producers with new and continuing operations, were the focus of a 2015 educational program which brought experienced professionals together with producers to assist them in preparing financial and production benchmarking information.

Over 120 producers utilized small group learning sessions with current financial information from their prior year's performance, as well as projections for future years. This information was then applied specifically to their own farm's financial risk characteristics. Producers then received access to daily information resource streams, completed a benchmark exercise to

measure their comparative performance and ultimately created a projected financial plan which they could take home to implement.

Upon completion of the program, Project Director Robert Rhea reported that 65 farm or ranches completed the benchmark exercise, 97 producers completed a comprehensive year-end accrual financial analysis and 38 farms or ranches completed a 2016 cash flow projection.

As the program continued, educators found that participation and enthusiasm was more than they originally expected, partly because of volatile commodity crop prices, but also because producers realized that they needed more information about risk management. Rhea noted, *"We served more producers than we typically would have, because through this grant award we were able to develop a much more efficient delivery of this education material. Collaborating partners (professionals) contributed more to the process because they were able to involve more farms, a greater scope of information and a more in-depth analysis."*

After reviewing and understanding his financial reports better, one producer implemented key steps to improve his operation's cash flow by \$100,000, by offsetting inventory reductions. Another producer elected to change genetics within his hog farm, causing more pigs to be born alive and decreasing the cost of production per pig. Their expected performance improvement target was \$3 per pig, or a positive impact of \$78,000.



**EXTENSION
RISK MANAGEMENT
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United States
Department of
Agriculture

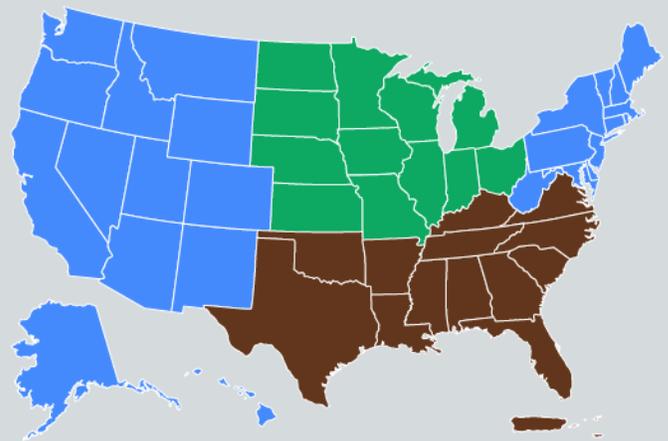
National Institute
of Food and
Agriculture

**“Educating America’s farmers and ranchers
to manage the unique risks of producing food
for the world’s table.”**

Extension Risk Management Education (ERME) is delivered through four regional centers that provide grant funding and leadership within their regions.

Projects are producer-focused, results-based and encourage public-private partnerships. Funded projects must identify targeted results that will help producers manage risk and then describe how the project will measure those results.

Extension Risk Management Education has funded innovative programs that have generated tangible results for producers in every state. ERME is committed to funding results, providing transparent accountability, and encouraging collaboration. View the accomplishments of all funded projects on our website.
<http://ExtensionRME.org>



ERME Regional Centers



**NORTH CENTRAL
EXTENSION
RISK MANAGEMENT
EDUCATION**

University of Nebraska
Dept. of Agricultural Economics
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**NORTHEAST
EXTENSION
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EDUCATION**

University of Delaware
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**WESTERN
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