

Integrated Management in Today's World

By John P. Hewlett, Farm/Ranch Management Specialist

Managing a farm or ranch in today's world is not easy. Changing federal, state, and other regulations pull the manager first one way, then another. In addition, development of world markets is changing the structure of local markets, while new production technologies and improved communication and information retrieval methods combine to make most agriculturists unsure of how to get a handle on it all. The risks to agricultural operations—from changing prices, weather, technologies, legal issues, financial markets, and human resources—seem to increase with each passing day. To top it off, many agricultural managers have not had formal management training, while many have received a degree from the “school of hard knocks.”

There is hope. A new way of approaching the forces and factors of managing a farm or ranch is starting to spread across this country and elsewhere. This method can be referred to as integrated management. This so-called new method is probably not so new to operators who have been around awhile. In fact, this way of approaching management problems is probably the same system used by operators years ago. In the past an operator could afford to be intimately familiar with all the resources of his/her operation, but today operations are larger and regulations more numerous, making the job appear overwhelming, without a method of untangling the pieces of the puzzle.

Integrated management is a method to manage the farm or ranch operation as a whole, rather than as separate, unrelated enterprises. Some refer to this type of system as a method of “holistic” thinking. No matter what the name, it provides a step-by-step method of working through the information-overload managers experience daily. It puts “handles” on the unruly beast and provides a place to grab-on, giving control back to the manager.

Integrated management begins with the goals of the operation. These goals include both business and personal goals, perhaps even the goals of management and personnel. Every manager and his/her employees have goals. Without goals, the farm or ranch is managed randomly. Yet, few ag operators (let alone their employees) have ever sat down and written out their goals. Goals can describe what the operation should be in 10 to 20 years, where management wants to be personally in five years, or the kind of education they'd like to provide for their children. These sorts of goal statements are required if the people involved, or the business as a whole is ever to reach the desired destination.

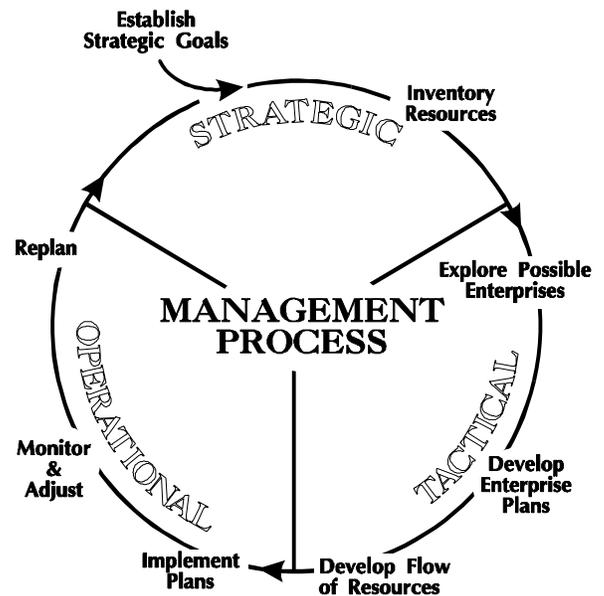
The next step of integrated management is to inventory available resources. Resource categories vary from one integrated management system to the next. One system uses the following five resource categories: basic resources, human resources, financial resources, livestock resources, and wildlife resources.

Basic resources refer to both the natural and the agronomic resources of a farm or ranch. Natural resources include soil type, ground water, precipitation potential, native plant populations, topographical relief, and other site characteristics of the operation. Agronomic resources include the human-contributed characteristics such as crops grown, irrigation water available, and field locations. Human resources describe not only the number of people working for the operation, but also their skill levels, responsibilities, and work hours available. Financial resources, probably the most "listed" resource, include cash in the bank, the value of all assets owned by the operation, and any liens against the asset base. The livestock resource includes any domesticated livestock: cattle, calves, sheep, horses, exotics, or others. Finally, wildlife resources include wild animals present on lands owned by the operation, both game and non-game species.

This listing of resources is critical to the overall process and should not be taken for granted. The resource base of an operation includes everything available for use in generating income. Any income left

after meeting operating expenses is applied toward the goals. A complete resource list can provide insights into new methods or activities that could generate additional income.

Once goal statements and an inventory of resources have been drafted, the strategic level of the integrated management process is complete. This work sets the direction for everything that follows. The tactical level explores how to get from the current position to the desired “goal destination.” This includes all activities or enterprises that can turn farm/ranch resources into income. Such tactical planning is done within the resource limitations of the operation, including the human resource limitations of time and skill level.



Within the operational level of the process, new or revised plans are implemented—put to work on the ground. This is where the rubber-meets-the-road, or the “doing” part of the process that accomplishes the goals set at the strategic and tactical levels. While plans are being implemented, resource use must be monitored and adjusted as necessary. Replanning occurs throughout the year as resource use is monitored; it should also occur at year-end. In this way the process provides information about how resources performed throughout the year and contributed toward goals.

This is the integrated management process, a method for taking all the information agricultural managers come by on a daily basis, processing that data, and developing plans for the operation that will move it from where it is to where they want it to be.

One integrated management program being offered in the west is titled WIRE (Western Integrated Resource Education), which was developed by a team of Wyoming Cooperative Extension agents and specialists. The course focuses on giving participants a means of getting-a-handle on the

management of their farm, ranch, or related business. It covers each step of the process outlined above and helps managers start applying the process in their own situation. For information about this program, contact your local Cooperative Extension office or take a look at the World Wide Web site at:

<http://agecon.uwyo.edu/wire/default.htm>.

Ag managers must process an ever-increasing amount of information to remain competitive in today's operating environment. In addition, the level of competition inside and outside our borders is increasing with each passing production season. Risk factors also seem to be increasing, both in number and potential impact. These factors and forces make each new management decision more important than the last, given their potential impact on the bottom-line. To make sense of changing conditions and manage in a way that results in success, a method of discovering solutions is needed. Integrated management—a mechanism for setting goals, evaluating the resource-base available, analyzing alternative enterprise activities, and implementing plans to accomplish those goals in a resource-sustainable manner is one way of untangling the puzzle. Success under this management system is measured by progress toward goals, both business and personal. It has been said that “money can't buy happiness,” but when each extra dollar of revenue moves the manager one step closer to accomplishing his/her strategic goals, progress alone can be very satisfying.

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