



# The Business of Indian Agriculture

## MODULE 1: Business

### LESSON 2: Basics of Agribusiness

#### Basic Functions of Agribusiness Worksheet

**Instructions:** Read the story below, and then write in the basic business function that best matches the agribusiness task or resource. As a group, discuss why you chose each answer and be ready to share your answers with the class.

For example, if you were discussing a business that makes and sells lemonade, you might fill in your table as follows:

Tasks and Resources	Basic Function
Decide if running a lemonade business is enjoyable to me.	<i>Planning</i>
Squeeze lemons into lemon juice.	<i>Production/ Operations</i>
Hire your brother to squeeze the lemons.	<i>Human Resources</i>
Count how much money was made in a day and put it in the bank.	<i>Finances</i>
Write down how much money was spent and made in a day.	<i>Recordkeeping</i>
Creating a sign for your lemonade stand.	<i>Marketing</i>

**Story:** Your agribusiness is Cottonwood Falls Ranch. It is a family owned and operated cattle ranch that manages a 250 cow-calf operation on 1,200 acres of land. Half the land is in pasture and the other half is in hay production.

Your name is Jack Collier, 63 years old, and you are the principal operator and head of the family. Your son, Andy, 38 years old, is the ranch manager and handles the daily operations. Your wife, Debbie, does the bookkeeping for the business, along with working part-time at the high school, and managing the house. Two local ranch hands are hired seasonally each year to help out. You've been in business for over 40 years and have all the facilities, equipment and services to operate a profitable operation.

You are thinking about retiring in a few years and would like Andy to take over the business. To help Andy know the business better and to plan for the transition, you and Andy have decided to fill out this worksheet. You both took an agribusiness workshop and learned about the basic functions of agribusiness. You tried to be as detailed as possible in identifying the specific tasks and resources in the business.



Just as a reminder, these are the six basic functions of agribusinesses that you and Andy learned at the workshop:

<p><b>Planning:</b>  <i>involves the serious consideration of every function of the business operation. It includes research, analysis, and careful decision-making.</i></p>
<p><b>Production/Operation:</b>  <i>involves those processes and materials that are central to the creation of an agricultural product or service.</i></p>
<p><b>Human Resources:</b>  <i>involves the processes and procedures needed to find the right people for the operation, train them properly, motivate them to do a good job, reward them, and to assess their performance.</i></p>
<p><b>Finances:</b>  <i>includes a wide range of issues such as maintaining a good credit rating, accessing credit, managing income &amp; debt, establishing savings plans, managing land mortgages and leases, etc.</i></p>
<p><b>Recordkeeping:</b>  <i>involves budgets, cash flows, accounts payable and receivable, bookkeeping, financial statements, filing taxes, and securely maintaining business documents and data.</i></p>
<p><b>Marketing:</b>  <i>involves the processes of selling a product or service, and includes targeting the market and customers, advertising, pricing, identifying sales channels, inspecting, packaging, etc.</i></p>

In the worksheet below, write in the basic business function that best matches the task/resource.

Tasks and Resources	Basic Function
Andy hires ranch hands for this year's season. Debbie gets their paperwork ready.	
Andy buys additional hay.	
Debbie researches forecasts for beef prices and the cost of hay.	
Andy fills out a loan application for a new work pickup.	
Debbie writes down the expenses and revenue from last month.	
Jack talks to a butcher about selling some meat locally.	
Andy figures out how much building and fence repair will cost this year.	



Tasks and Resources	Basic Function
Debbie puts some money each month into a retirement account.	
The veterinarian visits a sick animal.	
Debbie checks on the business' credit report to make sure everything is correct.	
Andy gives a ranch hand an extra day off to visit a sick family member.	
The whole extended family gets together for branding.	
Jack researches the price of a new tractor and tries to decide if the business can afford a loan.	
Debbie pays the utility bill.	
Andy gets a new door sign for his pickup with the ranch's logo, name and phone number.	
Some nearby land has become available and Jack researches the feasibility of buying it to expand the operation.	
Debbie works with the accountant on filing taxes.	
Jack visits with a USDA official about land conservation practices.	
A ranch hand goes missing for a week and Andy decides to fire him.	
Jack, Andy and Debbie work on updating their business plan for the next five years.	
Jack donates a cow for the tribe's annual pow wow and rodeo.	
Debbie looks at hay production over the last 3 years and notices a decline.	
A cow gets out and Andy has to go find her.	
Propane prices double, and Debbie recalculates expenses for the winter.	

Don't forget to discuss your answers with your group and be ready to share them with the class.