

A photograph of a group of people in a field. In the foreground, four people are standing and looking at a document held by one of them. They are wearing light-colored clothing and hats. In the background, a large field of tall grass or crops stretches to the horizon under a clear sky. A small group of people is visible in the distance on the right.

The role of the FARM MANAGEMENT SPECIALIST in extension



The role of the
FARM MANAGEMENT SPECIALIST
in extension

by
David Kahan



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Preface

Farm management extension is concerned with the development of management strategies and skills among farmers for improved decision-making in the use of resources and linking farmers to markets. With the increasing market-orientation of farming, the decisions taken by farmers are more complex; for farms to compete they must be run as a business. This creates a demand for specialized extension support. To be successful farmers need the skills to produce what the market wants and what satisfies consumers. The growing importance of specialization in farm management is to support farmers in this work.

Those providing farm management extension go by many names: Farm Management Specialist or Agribusiness Management Specialist; Agro-enterprise Promoter; Agribusiness Counsellor – to name a few. In this guide the title used is Farm Management Specialist (FMS) and whichever title is used, refers to the specialization of providing support in business and marketing in the context of farming.

This guide provides a wealth of information suitable for use by those concerned with the promotion of farming as a business – whether they work for the private, NGO, or public sector. These could include public sector extension workers involved in farm business management and marketing, private sector business service providers and NGO's. Finally, it is hoped that this guide will encourage decision-makers to establish farm management extension positions where they do not exist.

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INTRODUCTION

There is increasing interest in farm management as a specialization in extension and a need to develop farm business management skills among extension workers and farmers. This guide contributes to the development of these skills and specifically addresses the work of those who are involved with providing farm management support at all levels of extension.



INTRODUCTION

The role of the farm management specialist covers investigation, planning, marketing, training and extension, as well as other related functions.

*The role of the farm
management specialist
is broad and diverse*

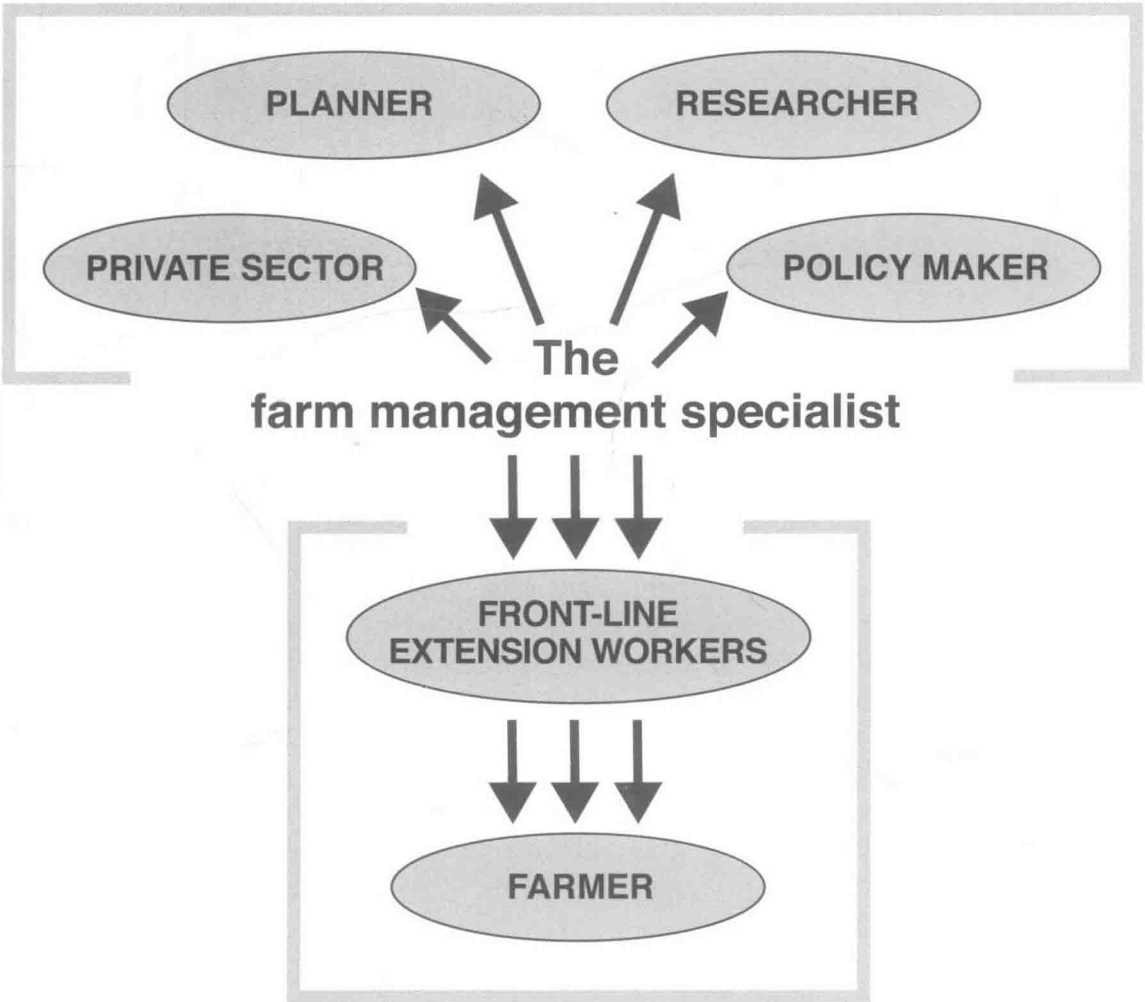
Farm management specialists may be situated at various levels within an extension service. They may be found at central or headquarters level, close to decision-makers. They may be found at decentralized levels such as provincial, regional, district or township levels. Or they may be found in any combination of these.

While the level of experience of specialist extension workers can vary markedly between countries and areas within countries, the tasks of farm management specialists themselves are very much the same. Differences might exist in their formal job descriptions and the actual skills and competencies of individual specialists but their purpose is essentially the same – fostering excellence in farm management among farmers.

This guide provides a basis for understanding the breadth of responsibilities that need to be covered in this emerging discipline. The material provided will assist this specialized staff in day-to-day extension work while raising awareness among extension programme managers of this increasingly important function. It can also be used as reference material for designing training programmes for extension staff who may need to improve their skills in order to deliver better farm management support.

* * *

Figure 1
The central role
of the farm management specialist



The farm management specialist plays a pivotal role in the extension system as analyst, planner, trainer and facilitator. These tasks include communicating the findings of farm economic analyses to policy makers and front-line extension workers; facilitating linkages with private sector input dealers and buyers, and supporting workers and farmers with specialized training on farming as a business.

Chapter 1

Farm management extension

This chapter begins with an overview of farm management extension and the contributions that farm management specialists can make in the context of smallholder farmers. Farm management specialists require a background in economics or business or both and their responsibilities include collecting, analyzing and disseminating information on economic aspects of the farm to farmers, extension workers and policy-makers. Reference is made to the administrative structure of the extension service and where specialists can be best utilized. Finally, the demand for and supply of farm management extension services is discussed.



THE IMPORTANCE OF FARM MANAGEMENT

There has been an upsurge of interest in farm management particularly among smallholder farmers

Farm management extension services provide business and marketing knowledge and skills to farmers to assist them in making their farms more profitable and competitive. Currently, only a small number of farmers benefit directly from farm business management advice. These farmers tend to be more profit-minded and market-oriented and are capable of managing production and marketing systematically. Recently, however, there has been an upsurge of interest in farm management particularly among smallholder farmers that are becoming market-oriented, and realize the need to increase profits and become more competitive. Potential market-oriented farmers also have to be guided and supported in their first steps toward commercialization.

Farm management extension services provide farmers with business and marketing knowledge and skills and assist them in making their farms more profitable and competitive

In response to the many changes that are impacting on farming, extension services are recognizing the importance of business, management and marketing support to farmers. In many countries public sector extension services are being realigned to include farm business management and new positions are being established in the public service. Farm business management advice is also being provided by NGOs and private organizations. In developing countries, Agri-clinics, Agribusiness Service Centres and Local Economic Development Authorities have also been established to provide business support services. There is now a wide range of public and private organizations that have an interest in improving the efficiency of the farm business. These include extension services, input dealers and manufacturers, traders, financial and farmer organizations, and NGOs.



FARM MANAGEMENT ADVICE

Most farmers believe that their major problems relate to:

- **Management.** Small-scale farmers may be good at producing, but often lack the skills needed to manage their farm as a business. Extension and training support are needed to assist farmers to develop their management skills and competencies.
- **Marketing.** Farmers selling their farm products at favourable prices which are often undifferentiated and where competition is high. Small-scale farmers in particular are at a disadvantage. They are less able to sell their produce in urban areas which are rapidly growing. A large part of the answer rests in building marketing skills.
- **Access to finance.** This prevents farmers from expanding the size of their business and exploiting business opportunities. While many farmers think that their main or even their only problem is a shortage of capital this is often not the case. Often the problem is the management of the capital resources that they have. Again a large part of the answer rests in training: building financial management skills.

Farm management advice includes management, marketing and market access

Although the farmer is a key role-player, there are other stakeholders involved in rural and urban areas that also require farm management information and advice: input suppliers, traders, farmer associations, processors, other service providers and policy-makers. These people often represent the different stakeholders in produce value chains, linking production to final consumption. Each of these different stakeholders has a different demand for business management and marketing support. Thus, farm management support must extend beyond the farm.

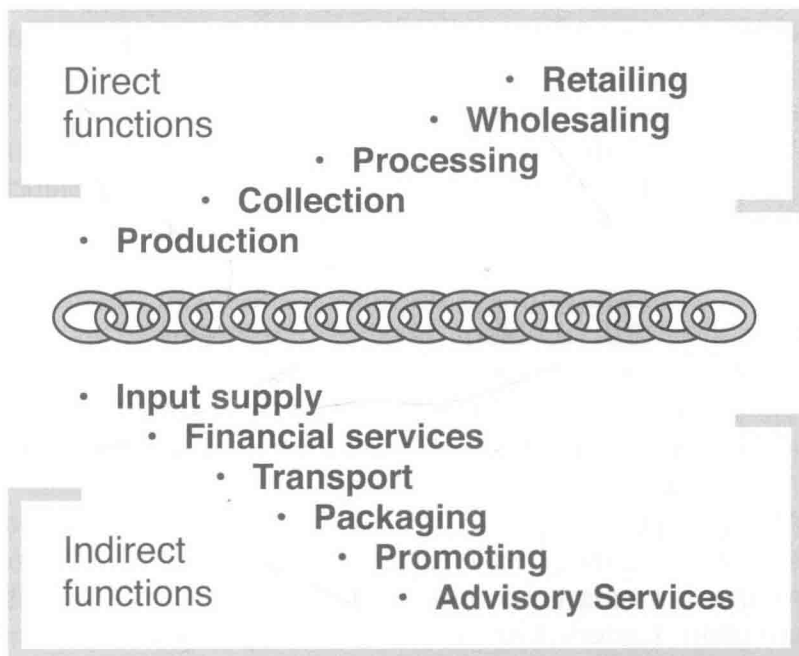
Farm management support must extend beyond the farm to all the stakeholders in the value chain

The value chain

The 'value chain' describes the system of products, organizations, processes and transactions involved in transforming raw materials into products that are sold and consumed. These include the direct functions of primary production, collection, processing, wholesaling and retailing, as well as support functions, such as input supply, financial services, transport, packaging, advertising and the provision of advisory services. The value chain reflects an understanding that value is added at each point in the chain.

The essence of a value chain is market-focused collaboration with different business enterprises working together to produce and market products and services in an effective and efficient manner.

Figure 2
The value chain



In order to be able to build value chains, extension services need to develop farm management skills. Training extension practitioners in farm management and the establishment of specialist positions in farm business management will contribute substantially to strengthening the agricultural sector to respond successfully to the rapid changes taking place.



THE SPECIALIST IN FARM MANAGEMENT

Extension workers typically consist of subject matter specialists and front-line extension workers. Subject matter specialists are responsible for giving technical support to front-line extension workers who are in day-to-day contact with farmers. The subject matter specialists are experts in specific areas of agriculture that typically include crop production, animal husbandry, farm mechanization, livestock husbandry, among others. The front-line extension workers have a more general agricultural orientation.

Farm management and agricultural marketing are also among the specializations much needed in today's changing agricultural environment. And in this environment, the management specialist has many roles to cover and has the potential to:

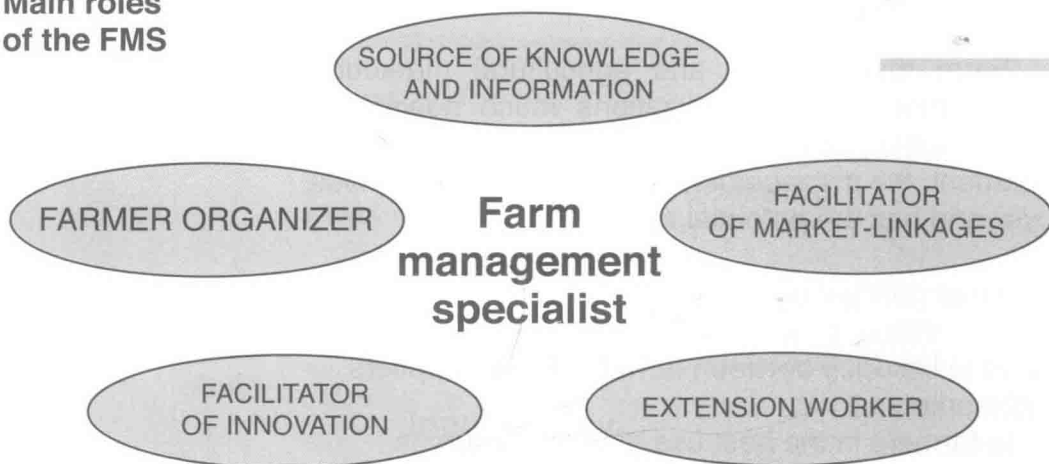
Specialization in farm management and marketing are vital in today's ever changing agricultural environment

- Influence policy decisions;
- provide extension support to farmers;
- facilitate linkages between farmers, input suppliers and markets;
- guide farmers in the best use of their resources through investigation and diagnosis of problems identified by them through extension support;
- compile and analyze data on farm enterprise profitability and generate extension information to disseminate to farmers;
- advise on opportunities;
- provide up-to-date marketing and business management information;
- help with marketing problems (facilitate linkages between farmers and buyers);
- advise farmers on aspects of business management;
- advise on supportive public projects and programmes;
- facilitate communications between farmers and the public sector for improved understanding and collaboration.

Specialists need to possess a wide range of specialized knowledge in addition to the traditional knowledge and skills in applying farm management methods, tools and techniques. This specialized knowledge includes finance, accounting, project appraisal, law and contracts. They also need to be able to organize farmers into groups, associations and cooperatives. Knowledge of contracting is also needed to facilitate market linkages.

The farm management specialist has five major roles to play in supporting farmers to adapt to market-oriented farming and to take advantage of opportunities to improve profitability. He or she is a source of knowledge and information, a facilitator of market-linkages, an extension worker, a facilitator of innovation and a farmer organizer.

Figure 3
Main roles
of the FMS



SOURCE OF KNOWLEDGE AND INFORMATION

Provide information enabling farmers to make informed decisions.
Communicate information to front-line extension workers.

FACILITATOR OF MARKET-LINKAGES

Know the agents and the opportunities.
Gather and disseminate market information.
Bring farmers and commercial agents together.
Assist with the formulation of fair contracts.