Operating and managing a successful business in today's competitive, global economy requires solid business management skills. Ever changing consumer tastes, new production techniques, environmental responsibilities and obligations, information technology and the unique characteristics of family businesses require that farm managers possess excellent business management skills. Given the unique scientific, resource, technological and risk management issues involved in modern farming, farm business management is a specialized area of expertise.

Farm Business Management generally refers to the techniques and information required in managing primary agricultural production, on-farm processing and client marketing activities. The major elements of Farm Business Management are:

- Farm Business Planning
- Financial Management
- Production Management
- Marketing
- Human Resource Management
- Environmental Management

**Farm Business Planning** refers to the process of setting goals and objectives for the farm business and devising ways and means to accomplish these. This is the first step in business planning. It focuses on the organization of resources, such as land, labor and capital, as well as "management" ability, and uses decision-making processes to achieve the goals and objectives of the farm manager or owner/operator.

**Financial Management** involves the application of financial resources (capital) such as equity and credit (debt), to generate income for the farm business. Financial management includes record keeping; financial management; tax management; risk management; and a number of decision-making processes and techniques for optimizing the financial performance of the farm business.

**Production Management** describes the processes involved in physically producing an agricultural product. These include: land management; crop and livestock production; the use of machinery and equipment; the application of fertilizers, pesticides and other controls on pests and diseases; breeding; feeding and record keeping.

**Marketing** encompasses the process of selling products to consumers and the associated pricing, processing, distribution and timing decisions required. Market planning involves the identification or development of a target market and the determination of a strategy to penetrate that market. The 4 P's of marketing are *Place, Price, Product, and Promotion.*

**Human Resource Management** describes the methods used in managing the labor or human capital of the farm business. This can involve hired labor, other managers or supervisors as well as unpaid family labor and ownership sharing. The use of farm management teams, such as spouses, parents and children or siblings are included in this area. Intergenerational transfer, estate planning and some business structure
considerations are all included in human resource management for the agricultural business.

**Environmental Management** planning involves the incorporation of sound environmental practices into farm operations. Good environmental planning promotes resource sustainability, long-term health benefits for farm families, rural communities and consumers, land stewardship and other economic benefits of a sustainable resource base and market advantages benefits tied to a green industry.