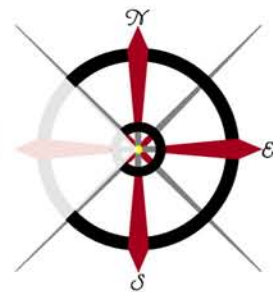




Western Center

FOR RISK MANAGEMENT EDUCATION



NEWSLETTER FOR WESTERN AGRICULTURAL EDUCATORS • SUMMER 2005

Stormy Weather Ahead?

We all see the stormy weather ahead for producers as they adapt to the globalization of their markets and therefore their businesses. We have all heard, or even said, "producers are going to have to become more business oriented or they aren't going to make it". Then we watched them resist change and slowly go out of business. As a life long farmer and member of a small rural community, I am deeply concerned about neighbors who are in the eye of the hurricane. Most of us in this business we call "risk management education" do it because we care about helping farm families succeed and we hurt for them when they are struggling. We are at the point however, when caring is not enough. We must do more. In fact, we must double our efforts to help producers "see the light" and begin to adapt to the new rules. It is no longer enough for us to hold workshops that provide good information. We must go beyond and help producers find ways to use "good information" to make incremental changes in the way they manage their farm business. Here at the Western Center, we call this "getting results" and we are committed to helping you get the job done.

This, and subsequent newsletters are designed to introduce you to new risk management ideas and to people who are "getting results" with their risk management education programs. Please join us in "raising the bar" in our risk management education efforts.

— Dennis Fiess, Deputy Director



INSIDE THIS ISSUE

- 2 From The Director
- 3 Cheese Processing Network
- 4 Succession Planning
- 5 Signs Of Success
- 6 U.S. Cattle Identification Systems
- 8 Western Center At Work
- 9 On The National Front
- 10 Heat Stress Risks And Costs
- 11 2005 Project Awards

WASHINGTON STATE UNIVERSITY
 EXTENSION

World Class. Face to Face

From The Director

*Jon Newkirk is Western Center Director and Director of WSU Puyallup.
253.445.4554 • jnewkirk@wsu.edu.*



Western Center Director Jon Newkirk

Western Center Mission Statement

**To help farm and
ranch families
succeed through
targeted risk
management
strategies.**

Investing Risk Management Education Resources in the Success of American Farm and Ranch Families

The Competitive Grant Program

The Western Center's primary responsibility is to oversee the investment of a small pool of federal dollars targeted for risk management education. We award funds to over 20 projects each year via a competitive grant program.

Successful grant applicants are able to clearly identify the risk management result for their producer participants and why their project will deliver those producer results. Our experience is the majority of applicants are not able to identify the participant risk management results which we ask for in the application as "targets". Also lacking in many applications is why possible participants would choose to take part in the proposed project. Many can identify the need, but we are interested also in why individuals will choose to participate.

Our decision making process looks first at the targets and determines whether those are risk management results the producer participants can achieve and whether they are producer risk management results we are interested in investing in. The rest of the grant application is then used to determine whether the panel feels the project can deliver those producer risk management results.

When applying to the Western Center's grant program begin with the end in mind, the results the producers will achieve. Then use the rest of the application to convince the panel your project can deliver those risk management results. We look forward to partnering with you in improving the risk management skills of agricultural producers and their families.

Got Cheese?

Washington State Dairy Farm and Cheese Processing Network

Impact: *Milk producers are looking for ways to diversify their product. Through Linda Condon's project, Washington State Dairy Farm and Cheese Processing Network, producers and cheese processors learn risk management skills and tools to evaluate alternative production and marketing options.*

The number of small and medium size dairy farms in Washington State has steadily decreased over the past decade due to declining prices and increased costs. Producers are exploring alternatives to the raw milk commodity market to help increase profit for their business. The specialty cheese market is one option available to them. An increasing number of producers are interested in learning how to develop a cheese making business or to market their milk to specialty cheese companies to reduce risk through diversification.

Linda Condon, Washington State Department of Agriculture (WSDA), collaborated with producers, food safety representatives, dairy industry organizations and WSU Extension to develop her project targeting dairy producers (up to 500 cow herd size), small-scale specialty cheese processors, and people interested in starting a small-scale specialty cheese processing business. The project helps farmers understand the regulations necessary for licensing and producing cheese as an alternative way to sell their milk.

One of the key pieces in the curriculum is the importance of marketing as it applies to label and logo development. Packaging and design concepts were introduced to help consumers easily identify products that serve their needs. Comprehensive resources are available to help producers build skills and to strengthen their efforts as they expand their marketing strategies or take on a value-added cheese processing enterprise.

As a result of this project, participants gained an understanding of the risks associated with a new enterprise and knowledge of how to create the proper facility, obtain a license, and process specialty cheese. Ultimately, they learned how to expand and improve their business.

Targets/Results

- Participants are aware of risk management tools available to them
- Participants commit to using the tools in business planning
- Participants contact at least one resource from the workshop list
- Producers explore product diversification

Contributing Editor: Linda Condon
360-902-1836 • LCondon@agr.wa.gov

Photo: © David Perry



Succession Planning:

Managing Property Title Risk for Farm/Ranch Operators

State Impacted: Montana

Impact: *A number of Montana farms and ranches will pass between generations and stay in business because of Marsha Goetting's project, Managing Property Title Risks for Montana Farm/Ranch Operators. This project meets the needs of Montana farm and ranch operators whose greatest risk is the generational breaking up of their families because they cannot get along.*

Many of the greatest joys and most intense sorrows with family farm operations occur in relationships with other people. Marsha Goetting, MSU Extension Family Economics Specialist, takes her workshop participants through very real and personal scenarios to demonstrate story upon story of farm families who did not bother with estate planning and the consequences that resulted from inaction. These scenarios focus on the conflicts existing between state law and contract law, as well as the inability of a will to supersede contract law regarding how land is titled on asset documents.

Marsha uses this project to blend estate planning and succession planning to help show families "you can't plan for the future if you don't want to hand over the farm". Changing producers' belief system of "equal vs. equity" through planning, which utilizes current information on contract law is an essential piece of this project.

Farm and ranch operators are not only receiving the tools to write their own succession plans that will stand up to Montana contract law, they are also working toward improving intergenerational communication. Awareness



building is another critical risk management component this project accomplishes through the publication of fact sheets called MontGuides. Through the collaborative efforts of state bar attorneys, industry experts and extension specialists, who provided expertise and expert knowledge, 27 MontGuides have been developed that contain real time information for participants.

Targets/Results

- 80 percent of participants have discussed estate planning with their families
- 60 percent learned that Montana law would not distribute their property as they desire
- 47 percent reviewed their property titles with 19 percent making changes
- 49 percent contacted an attorney for additional information

Contributing Editor: Marsha Goetting
406.994.5695 • getting@montana.edu

Signs of Success

The Characteristics of Successful Projects

Experience teaches that most really successful RME projects share common characteristics that set them apart from the crowd. One of those characteristics is **STRONG COLLABORATIONS**.

There are two categories of collaborators: those that provide expertise to the project and those that provide access to the target audience. For example, using a lawyer as a collaborator to provide expert information for an estate planning workshop is going to strengthen the project. Similarly, collaborating with a Tribal Leader to gain access to a Native American audience for a workshop on livestock record keeping will likely increase the participation rate. Both categories are important to the success of your project. By joining forces with the appropriate collaborators you will both strengthen your project and increase the likelihood that it will be approved for funding. The issue is important enough that Western Center review panel uses it as one of the determining factors when deciding which grants will be funded.

Another characteristic of successful projects is **PRODUCER DEMAND**. It is easy for us as risk management educators to identify programs that producers need. Our challenge is to produce programs in which producers will participate. The two are not necessarily synonymous. We have all

experienced the frustration of investing time and money in a program and then feeling disappointed when attendance fell short. Experience tells us that successful projects often include advance market research to determine the topics your producers are interested in and are therefore more likely to participate. By measuring producer demand you can enhance the likelihood for your project to succeed.





Animal ID: Risks and Opportunities

Risk Management and Market Opportunities.

States Impacted: Arizona, Colorado, Idaho, Nevada, Wyoming, Utah, Oklahoma, Texas, Nebraska

Impact: *A Western Extension Marketing Committee (WEMC) project lead by Wendy Umberger and DeeVon Bailey increases awareness of producers through multiregional efforts that focus on the risks associated with the National Animal Identification System. With increased knowledge of producer product liability, market access risks, and potential market opportunities, producers learn how to use this new potential risk as a marketing niche that can add value to their cattle business.*

A new source of risk for cattle producers will be present

when the National Animal Identification System (NAIS) is implemented. Producers, once anonymous in the marketing chain, are now visible, shifting legal risk towards them. How to manage this risk or better yet, how to use the animal ID system to create a market niche is the focus of the WEMC project.

In the wake of the first discovery of a case of Mad-Cow Disease (BSE) in the United States, the U.S. Agriculture Secretary announced the need to implement what is now called the National Animal Identification System (NAIS). The goal of the NAIS is to be able to trace within a 48 hour time period, every location an animal has been during its life. Another goal is to provide information on animals that came in contact with the subject animal at each premise. Animal ID may also increase market risks preventing market access based on specific qualities such as genetics, feeding regimes, and location.

The WEMC project offers educational materials targeted to cattle (beef and dairy) producers, industry leaders, and extension personnel. Through workshops and web-based curriculum, consisting of a fact sheet series and supporting PowerPoint presentations, the project addresses producer



“A golden, teachable moment is now present,”

says Wendy Umberger,
Colorado State University.

risks and benefits. “A golden, teachable moment is now present,” says Wendy Umberger, Colorado State University. “Cattle producers are requesting information about the upcoming animal ID system concerning implementation logistics, costs, risks, and potential opportunities that animal ID systems present to their operations.”

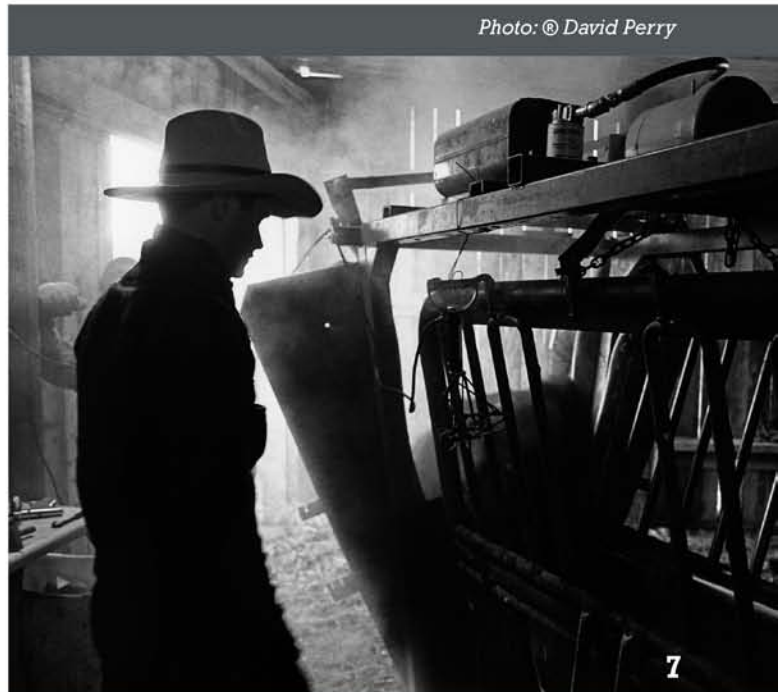
As a result of the project, producers understand the new risks associated with the animal identification systems. They are less apprehensive and are able to determine if they can use the animal identification systems to develop niche markets that can add value to their cattle business.

Targets/Results

- Producers understand new risks associated with animal identification systems
- Producers understand how animal identification can pose potential opportunities
- Producers consider new niche marketing opportunities
- Producers understand tools for managing liability

Contributing Editor: Wendy Umberger
970.491.7261 • Wendy.Umberger@Colostate.edu

Photo: © David Perry



The Western Center At Work

TAA

Trade Adjustment Assistance (TAA) training has been an important part of our mission at the Western Center. Alaska and Washington Salmon, Idaho Fresh Potatoes, Arizona Shrimp and California Olives are commodities produced in the western region that have been certified by the Foreign Ag Service (FAS) for TAA. The Western Center has coordinated technical assistance training for producers for the above commodities. Program partners include University of Alaska Marine Advisory Program, Washington Sea Grant Program, University of Idaho, University of Arizona and the University of California, Davis. In addition, extension specialists in 17 other states were involved in TAA technical assistance delivery to Alaska and Washington Salmon harvesters.

AGR-Lite

The Western Center played a leadership role in bringing a new revenue based crop insurance product called Adjusted Gross Revenue Lite (AGR-Lite) to the Northwest. Center staff, in close partnership with the Spokane Region RMA office and the support of state departments of agriculture, commodity groups, insurance professionals, and agricultural lenders, petitioned the FCIC Board to make AGR-Lite insurance available for producers in Alaska, Idaho, Oregon and Washington for the 2005 crop year. The Center, again in close partnership with the RMA office, conducted an outreach campaign that resulted in two-thirds of the policies sold nationally being sold in the Northwest. We have applied for an education grant for the next program year to conduct an extensive education program to insure that Northwest producers are aware of AGR-Lite and the potential benefits it might offer.

Commodity Challenge and Winning the Game

For the past several years, the Center has helped the Montana Grain Growers Association develop a new web-based marketing simulation game called "Commodity Challenge" designed to help grain producers become more effective marketers. This past year, the program was expanded to include soft white wheat and introduced to Eastern Washington producers. This web-based game simulates a marketing cycle and allows producers to experience the look and feel of "real time" marketing without the financial risk. The Center has also worked with the University of Minnesota Center for Farm Financial Management to introduce another grain marketing simulation game to the Northwest. Called "Winning the Game," it uses a game format to teach growers how to develop and implement a marketing plan for their crop.

Farm Family Support Network

This program, funded through an RMA Community Outreach Grant, provides consulting services to farm families suffering severe financial and family stress. The program began three years ago to support Central Washington tree fruit producers. It has grown to include the entire state of Washington. The FFSN responded to 100 calls from farm families during the past year. We have again applied for a RMA Community Outreach Grant and intend to expand the program to include Hispanic and Southeast Asian Immigrant families.



Photo: © David Perry

On The “National Front”

National RME Conference A Success

The 2005 National Extension Risk Management Education Conference held in Kansas City in April provided the opportunity to showcase risk management education programs currently being offered throughout the United States. There were 227 in attendance from 45 states and three territories. Forty-five presentations and 38 posters highlighted the efforts of project leaders, team members and collaborators, and represented a diverse cross section of programming that is positively influencing risk management results for producers.

Educators in the Western Region contributed 10 papers and eight posters that included presentations on succession planning and transfer of ownership, online marketing simulation games, exploring risk management decisions with simulated farm survivor scenarios, integrated risk management curriculums for Agricultural families, outreach methods for minority small farmers and the cascading and long lasting effects of risk management education through results based processes.

We are proud of the endeavors of our risk management educators in the west who are making a difference in the lives of many agricultural producers and their families.

The proceedings from the national conference may be viewed on our website <http://westRME.wsu.edu/> or by going directly to the Ag Risk Library www.agrisk.umn.edu. The presentations housed there highlight some of the best risk management education programs currently being delivered across the country.

The next National Conference is scheduled for the spring of 2007. If you have a project you feel others can learn from, we encourage you to consider presenting it at that time. It is a great way for you to give your program visibility and at the same time help others improve theirs.

In 2006, a National Women in Agriculture Education Conference will be held in a central region of the country. This conference is intended to broaden the educational programming efforts geared towards women in agriculture.

Reducing Heat Stress Lowers Costs

States Impacted: California and Arizona

Impact: *By increasing labor contractors' and workers' understanding of how fluid loss affects the body during field work, Howard Rosenberg's innovative project on Heat Stress Reduction, is helping lower costs by reducing worker fatigue, injury and illness.*

"Rising temperatures at the onset of summer prompt many of us to think about and remind employees about the dangers of heat stress. Heat is a fact of life in the fields, a common work condition in most regions at least part of the year," says Howard Rosenberg, UC Berkeley, Extension Agricultural Labor Management Specialist.

Rosenberg's project uses heat stress physiology education to reduce the risk of personal harm to field workers, workers' compensation insurance premiums and other expenses for the employer. While also reaching growers, the project targets licensed farm labor contractors (FLCs), who employ more than one-third of all the workers in California agriculture. Employers' increased understanding leads to adjustments in both work conditions under managers' direct control and in safety training that affects workers' behavior on the job.

In reducing risks of personal illness and injury, this project also decreases business costs associated with heat stress in agricultural fieldwork and enables field workers to perform better. A related project goal is to reduce workers' compensation insurance claims and violations of the "field sanitation standard."

This project benefits from a collaboration of educational and industry organizations, offering continuing education programs, which meet state criteria for annual FLC license renewal. When asked about collaboration, Howard responds, "We probably would not have been able to execute this project without the mutual trust that has developed among us over the past 15-20 years. Being able to build upon mature relationships with people who have something to contribute to the same clientele group has been quite an advantage."

Targets/Results

- Participants understand the effects of heat stress and control measures
- Participants make adjustments in placement and movement of drinking water containers
- Field workers increase frequency and volume of personal water consumption
- Growers and FLC's experience reductions in workers' compensation issues

Contributing Editor: Howard Rosenberg
510.642.7103 • howardrr@berkeley.edu



2005 PROJECT AWARDS

Western Center Competitive Project Awards

Record Keeping Training for Hualapai and Navajo Livestock Producers

*Elizabeth Didier
University of Arizona Extension*

Effective Direct Marketing Strategies to Manage Price Risk in Hawaii

*Kent Fleming
University of Hawaii-Manoa*

Managing Transfer Risks for "Next Generation" Montana Farm/Ranch Operators

*Marsha Goetting
Montana State University Extension Service*

Risk Management Training with RightRisk

*Dana Hoag
Colorado State University*

Managing Risk By Managing Production Costs

*Bryan Hopkins
University of Idaho*

Livestock Risk Protection, Data Management and Education for Colorado Producers and Agribusiness Professionals

*Dennis Kaan
Colorado State University Extension*

Business Tools for Tough Times

*Karen Klonsky
University of California*

Securing the Future of Bitterroot Family Farms and Ranches

*Kristine Komar
Bitter Root Land Trust*

Reconnecting the Farmer to the Consumer in Today's Customer Driven Economy

*Karl Kupers
Shepherd's Grain*

Navajo Nation Small Farmer Risk Management Project

*John Wilkins-Wells
Sociology Water Lab - CSU*

Labor, OSHA, and other Regulatory Risk Training for SE Asian Immigrants/Minorities in California

*Richard Molinar
University of California Extension*

PNW Grain Marketing and Risk Management Education Project

*Kelly Olson
Idaho Barley Commission*

Enhancing Risk Management on Pacific Northwest Farms Through Innovative Farm Business Planning Instruction

*Marcy Ostrom
WSU Small Farms Program*

Managing Risk Through Effective Marketing Strategies for Organic Producers

*Joan Quinn
New Mexico Organic Commodity Commission*

Building Decision-Making Skills for Beef Cattle Producers

*Jeffrey Tranel
Colorado State University Extension*

Managing Production Costs and Market Risks for Southwest Vegetable and Nursery Producers

*Russell Tronstad
University of Arizona*

Insurance Options Across Alaskan Lands

*Eric Wade
Alaska Association of
Conservation Districts*

Value Added Agricultural Products Toolbox

*Ruby Ward
Western Marketing Extension Committee*

Learning Strategies for Developing Long Term Leasing Arrangements and Cash Flow Analysis Through Digital Media

*Clark Seavert
Mid-Columbia Agricultural Research
and Extension Center*

Multi-Regional Project

Sorghum GRIP Educational Planning

*Jeff Dahlberg
Nat'l Grain Sorghum Producers*

The Western Center For Risk Management Education

Washington State University Extension

222 North Havana Street

Spokane, Washington 99202

Voice: 509.477.2168 Fax: 509.477.2197

E-mail: westrme@wsu.edu URL: <http://westrme.wsu.edu> URL: www.agrisk.umn.edu (Ag Risk Library)



Director

Jon Newkirk

Voice: 253.445.4554

E-mail: jnewkirk@wsu.edu

Grants Coordinator

Jo Ann Warner

Voice: 509.477.2168

E-mail: warnerj@wsu.edu

Trade Adjustment Assistance Specialist

John Nelson

Voice: 509.477.2176

E-mail: jgnelson@wsu.edu

Communications Coordinator

Heather Schriver

Voice: 253.445.4504

E-mail: hschriver@wsu.edu

Administrative Assistant

Mickey Bean

Voice: 253.445.4554

E-mail: mbean@wsu.edu

Program Assistant

Carrie Greenwalt

Voice: 509.477.2179

E-mail: cgreenwalt@wsu.edu

Deputy Director

Dennis Fiess

Voice: 509.477.2196

E-mail: dfiess@wsu.edu

Advisory Council

Kynda Curtis, Nevada

Norm Dalstad, Colorado

Ann Diede, Washington

Greg Goad, Oregon

Wendy Knopp, Pacific Northwest

Brian Laird, California

Richard Matoian, California

Susan Matsushima, Hawaii

Stuart Nakamoto, Hawaii

David Paul, Pacific Northwest

Trent Teegerstrom, Arizona

Richard Owen, Montana

Editor

Heather Schriver, WSU Western Center

Consultant

Stacy Baker, Marketing Dynamics

Creative Director

Sean Thomas, Synergy Design Studio



Washington State University extension programs and employment are available to all without discrimination



CSREES National Program Leader
Mark Bailey



Community Outreach and Assistance Partnership Program

Resources under stewardship of WCRME are from Washington State University Extension; the Federal Crop Insurance Fund and the Foreign Agricultural Service through CSREES; and grant funds from the Risk Management Agency Office of Civil Rights and Community Outreach.