

# AGRICULTURAL LENDER EDUCATION CAN DIRECTLY AND INDIRECTLY MULTIPLY RISK MANAGEMENT EDUCATION EFFORTS

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## Abstract

*Ohio State University Extension professionals organize and teach one-day agricultural lender education seminars annually focused on management and broader industry topics affecting agriculture in the United States. While the three seminars in 2012 reached 97 agricultural lenders, these lenders reported having 9,500 farm customers with whom they plan to share the knowledge gained from OSU Extension. Knowledge gained was measured by using a retrospective pre/post survey instrument that lenders self-measured their before and after knowledge on seminar topics. Lenders improved their knowledge in risk management topics measured by a retrospective pre/post questionnaire using a six point Likert scale. Knowledge was gained on all seminar topics and ranged from 1.08 gain (Ohio Livestock Care Standards) to 1.90 gain (New Dairy Technologies). Knowledge gained will be used by lenders directly (speak with customers related to their farming operation), indirectly (use to review customer portfolios), and as background (professional development and industry awareness) with their farm customers. Three topics were identified as having high percentage of lenders directly using knowledge gained with customers: Farm Transition Planning Rational to Reality (76%), Examining Potential Profitability for 2013 (66%) and Returns to Farm Drainage (60%). Two topics were identified as having high percentage of lenders using knowledge gained as background use with customers: Many People and Less Poverty in 2050-Feeding the World (66%) and Ohio Energy Development-Wind, Solar, Gas (55%). Knowledge gained by lenders will reach a diverse demographic of farm customers based on the \$2.5 billion agricultural portfolio reported by participating lenders. Participating agricultural lenders indicated that OSU Extension can best serve lenders and their customers by offering unbiased information for farmer customers, being a resource for lenders and providing updates, providing current trends in the agricultural industry and continuing extension at the county level. By evaluating the 2012 seminar participants, OSU Extension educators better understand the important multiplier effect of teaching a group of professional agricultural lenders and reaching nearly a hundredfold the number of Ohio farmers with the educational information.*

*Keywords: risk management, education multiplier, agriculture lenders*

## 1. Introduction

Large commercial farms in Ohio continue to expand and the need for accurate information is more important than ever. Coinciding with this changing farm structure is a reduction in Ohio State University Extension educators, especially in the farm management education arena. One of the methods adopted by OSU Extension was to target farm management educational programming toward agricultural professionals that work directly with farmers. Although, this type of program has been offered for several years in Ohio, in 2012, program was expanded and the evaluation was targeted at measuring the multiplier effect of these educational efforts.

The educational objective of the Ohio State University Extension's Agricultural Lenders Seminar is to improve the knowledge and/or awareness of Ohio's agricultural lenders. This objective is accomplished through offering an annual professional development seminar delivering research-based information to lenders based on the identified needs or information gaps of the participants and current issues identified in the agricultural industry by faculty in the Ohio State University's College of Food, Agricultural, and Environmental Sciences.

## 2. Procedure

Ohio State University Extension professionals have organized professional development seminars for agricultural lenders for several years. Professional development seminars for agricultural lenders in Ohio have become the responsibility of county based personnel because of the loss of district, regional and state Extension specialists. In the past three years, two seminars were held in each 2010 and 2011. A new third location was added for 2013. Seminar locations are strategically identified to compliment repeat attendance and develop new participation.

Determining the topics, covered each year at the Ag Lenders Seminar, is a grassroots effort led the program organizers. County based Extension educators contact agricultural lenders in their respective geographic area to collect input into the issues facing agriculture. Seminar topics are selected based on the needs and knowledge gaps identified during agricultural lender pre-seminar interviews and post-seminar evaluations. The core topics of the seminars focus on macro and micro economic issues. Most common and highly valued micro economic topics are OSU research on production enterprise budgets, cropland values and rental rates, market forecasts for crops, livestock and dairy, and outlook on input costs such as seed, chemicals, and fertilizers. Somewhat related, macroeconomic topics commonly presented are U.S. and global financial forces, trade and policy issues and world demographics related to food and energy production. However, not all topics are directly economic in nature. Seminars have been customized to discuss robotic milking parlors, global positioning systems and precision agriculture, water quality, animal production care standards, stress management in farm families, and oil/gas/wind energy development.

Seminars are one-day events that are taught by OSU Extension professionals and professional guests. The 2012 seminars were taught with four topics as the core of the agenda with each location adding local or regional topics. The presentations are face-to-face lectures allowing discussion and interaction between the speaker and the engaged audience. Core topics typically have one hour of time while other topics range from 20-40 minutes. Printed material is also made available to the participants that complement the speaker topics and/or a related university publication or resource helpful to lenders. Scheduled break and lunch times provide opportunity for speakers to interact with participants, informal discussion and one-on-one teaching. Seminars have provided a unique professional development opportunity for Ohio's agricultural lenders. In 2012 the invitation was also extended beyond the lender to include upper bank management and bank board members.

## 3. Post Program Results – direct impact

Annual attendance in the last three years has been 66, 92, 97 for 2010, 2011 and 2012, respectively. In 2012, across all locations, 32% of the participants were first time attending, 41% had attend 2-9 previous seminars, while 27% had attended 10 or greater previous agricultural lender seminars delivered by OSU Extension. The 2012 lenders' response to "overall usefulness" of seminar to their business on a scale of Not Useful (1) to Extremely Useful (6) across all locations

was a weighted average by attendance of 4.65. Seminars have provided a unique professional development opportunity for Ohio's agricultural lenders.

To develop meaningful impact outcomes of the seminars, extension educators developed a retrospective pre/post evaluation instrument to collect data using a six point Likert scale to measure participant knowledge gain. Participants were asked to rate their knowledge on the topics prior to the seminar and immediately following the seminar. Evaluation results showed that there was knowledge gained on all topics presented at the 2012 Ag Lenders Seminars (Table 1).

Table 1. Knowledge Gained as Reported by Pre/Post Evaluation

Pre-Test	Topic*	Post-Test	Knowledge gain
2.62	New Dairy Technologies (Wooster)	4.52	1.90
3.20	Returns to Farm Drainage (Ottawa)	4.90	1.70
2.77	Many People/Less Poverty (All)	4.17	1.40
2.98	Future Fertility Resource Needs (All)	4.27	1.29
3.72	Farm Transition Planning (All)	5.00	1.28
2.33	Ohio Energy Development (Chillicothe)	3.58	1.25
3.70	Crop Profit Potential 2013 (All)	4.80	1.10
3.50	Ohio Livestock Care Standards (Chillicothe)	4.58	1.08
3.10	Ohio Farm Business Summary (Wooster)	4.17	1.07

\* Not all topics were presented at each location. Locations are in parenthesis following the topic.

An examination of the results show that participants had greater knowledge on the topics of farm transition planning, crop profit potential, and Ohio livestock care standards. Areas with lesser knowledge included Ohio (renewable) energy development, new dairy technologies, and population growth and poverty. The participants reported the most knowledge gain in the areas of new dairy technologies and returns to farm drainage, while reporting the most overall knowledge at the conclusion of the seminar in the areas of farm transition planning and returns to farm drainage.

#### 4. Post Program Results – indirect impact

Knowing how much knowledge the participant gained or possesses is not all that useful other than measuring the effectiveness of teaching. The real issue is what the agricultural lenders will do with the knowledge. Extension educators also found that information taught will be used by lenders directly (speak with customers as it relates to their farming operation), indirectly (use information to review customer portfolios), and as background (professional development and industry awareness) with their farm customers.

Three topics were identified as having high percentage of lenders directly using knowledge gained with customers. They were farm transition planning (76%), crop profit potential (66%) and returns to farm drainage (60%). Two topics were identified having high percentage of lenders using knowledge gained as background use with customers: Many people and less poverty (66%) which focused on long term population trends and food production trends, and Ohio energy development (55%) which addressed renewable energy trends and opportunities locally. Other topics, identified as having a balanced use by lenders between direct, indirect and background use, include future fertility resource needs, Ohio livestock care standards, new dairy technologies, and the Ohio farm business summary (see Fig. 1).

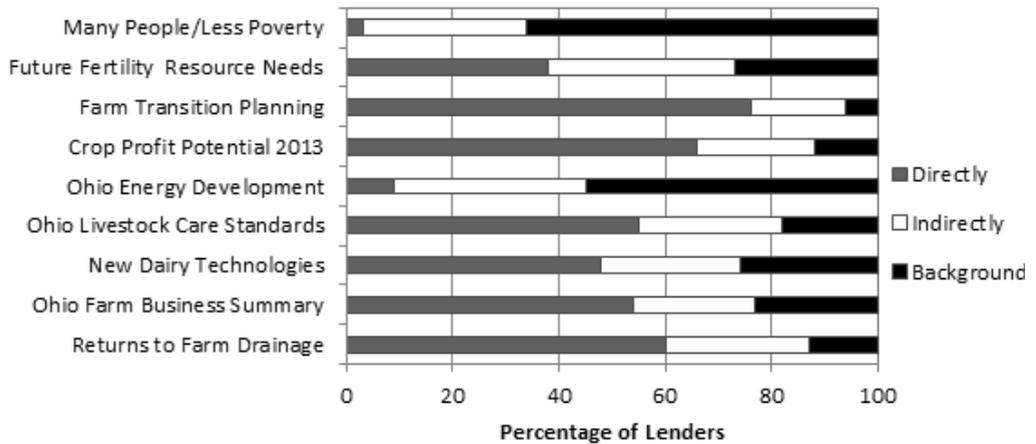


Figure 1. Agricultural Lenders Use of Knowledge Gained

How many people will be reached as a result of the Agriculture Lenders Seminars conducted by Ohio State University Extension? The 2012 seminars reached 97 lenders and the lenders reported having 9,500 farm customers that they would serve with knowledge gained from OSU Extension. Over the recent three years, knowledge gained by lenders supports agricultural portfolios of over \$2.6 billion annually. The total agricultural portfolio reached in 2012 was farms producing grain only (48%), dairy/livestock only (15%), grain and livestock (13%), specialty crops (11%), small and beginning farms (11%), agribusiness (1%), and rural housing (1%).

### 5. Conclusions and implications

Reaching the farm audience will require OSU Extension and other educators to utilize multiple avenues in today’s complex farm business world. The targeting and education of agricultural lenders is just one example of utilizing agricultural professionals serving the farm manager to provide educational information. In this model, OSU Extension was successful in multiplying their efforts through the agricultural lender in reaching the farm managers. Another benefit of teaching agricultural lenders was follow-up invitations from these lenders to Extension educators to speak directly to their clientele on the seminar topics.

Participating agriculture lenders indicated that OSU Extension can best serve lenders and their customers by offering unbiased information for farmer customers, being a resource for lenders and providing updates, providing current trends in the agricultural industry and continuing Extension at the local level. As a result of evaluating the agricultural lenders participating in the 2012 educational seminar, OSU Extension educators better understand the important multiplier effect of teaching a group of professional agricultural lenders and reaching over a hundredfold the number of Ohio farmers.