FARM BUSINESS SCHOOL HANDBOOK

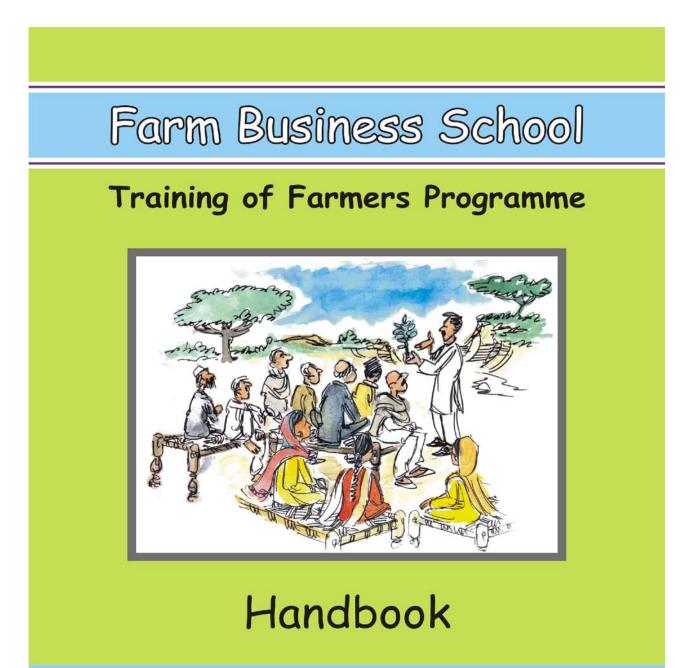






June 2011

(For cooperative members, farmers' groups and individual farmers) HAND BOOK FOR TRAINEES PRACTICES





INTRODUCTION

This handbook has been designed for you, the farmers enrolled in the Farm Business School (FBS) in your villages. The training program covers the following broad topics that are expected to be covered over a cropping season or livestock cycle. These include:

1. Understanding and running the FBS;

2. Understanding basic business and marketing concepts;

3. Analyzing the existing farm situation;

- 4. Identifying profitable enterprises;
- 5. Preparing farm business plans;
- 6. Keeping farm records;
- 7. Evaluating the FBS and the farm business plan; and
- 8. Miscellaneous topics for selection.

In-built into the program is flexibility and the possibility for you to decide what you wish to study. It is also expected that each participant will be responsible for your own learning.

The Handbook provides summaries of the core messages covered in the training. We hope these take-home messages will be useful when applying the lessons learned from the training to your own farm business enterprises. The best test of its usefulness, however, will be seen through the success of your own farm business.

We wish you all the best in this endeavor.

Project Management Unit

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PART I: DIAGNOSIS AND PLANNING

Module 1: Starting the Farm Business School (FBS)

Meeting 1: Overview of the FBS

Rationale for a Farm Business School

1	What is a 'Farm Business School'?
	A Farm Business School is a 'forum' or 'venue' that brings farmers together to carry
	out collective and collaborative enquiry to address business and marketing problems
	and opportunities.
2	What is the purpose and advantage of a Farm Business School?
	A Farm Business School brings together a 'group of like-minded farmers' with the aim
	to develop or strengthen their skills to produce more profitably for the market. As a
	'program of learning', it can prove particularly beneficial for those smallholder farmers
	who are just getting involved in producing for the market and need help to do it more
	effectively.
3	What is different about a 'Farm Business School' as compared to other training
	programs for farmers?
	• The focus is on the content, and not the training facility
	• The methodology is not lecture based, but rather a 'Learning by Doing'
	• The learning is from 'Farmer to Farmer', rather than from the 'Facilitator to the
	Farmer'
	• The learning is demand responsive and interactive, and is matched to the farm
	season
4	What are your specific learning expectations from participating in this 'Farm Business School'?

Notes:

Meeting 2: Developing Group Ownership and Schedule

1. Developing Group Ownership: there are about 3 - 5 people in the group. They have same purpose, business activities and are willing to help another in training and performing their own enterprise plan.

The basic rules for Farm Business School:

- Sharing fairly all cost of the FBS.
- Ensure that each member can participate and equally make decisions.
- Ensure that decisions are made collectively in consultation with group members.
- Treat one another with equality and respect at all times.
- Practice self-discipline as individuals and be responsible to the group.
- Be honest, dedicated and committed to group interests.
- Agree to disagree and never get angry if any individual opinion is not accepted.
- Accept the decisions of the majority, even if it is against any individual's view.
- Ensure openness, accountability and transparency in dealings with group members.

I ______, as a member of this FBS, hereby agree to abide by these rules. Signature ______

2. Farm Business School Meeting Schedule

Part 1: Diagnosis and Planning

Module 1: Starting the Farm Business School

Meeting	Торіс	Date	Time	Venue
1.	Meeting 1: Rationale for a Farm Business School			
2.	Meeting 2: Developing Group Ownership & Scheduling Meetings			

Module 2: Understanding Basic Business Concepts

Meeting	Торіс	Date	Time	Venue
3.	Meeting 3: Farming Management as a Business			
4.	Meeting 4: The Trade environment of Farming			
5.	Meeting 5: Farm Business Cycle			

Module 3: Where Are We Now

Meeting	Торіс	Date	Time	Venue
6.	Meeting 6: Farm Business Profitable			

7.	Meeting 7: Assessing Current Farm Situation				
8.	Meeting 8: Understanding Enterprise Profitability	Meeting 8: Understanding Enterprise Profitability			
9.	Meeting 9: Price and Minimum Productivity				
10.	Meeting 10: Producing according to the demand of Market				
11.	Meeting 11: Preparing for a Market Survey				
12.	Meeting 12: Presenting the Market Survey Report				

Module 4: Knowing Where We Want to Go

13.	Meeting 13: Developing a Vision and Goal for the Farm		
	Business		

Module 5: Developing a Farm Business Plan

Meeting	Торіс	Date	Time	Venue
14.	Meeting 14: Farm Business Cycle			
15.	Meeting 15: Making plan for Farm Business			
16.	Meeting 16: Completing a Farm Business Plan			
17.	Meeting 17: Choosing equipment provider			

Module 6: Keeping Records

Meeting	Торіс	Date	Time	Venue
18.	Meeting 18: Importance & an Overview of Farm			
	Business Records			
19.	Meeting 19: Practice in Maintaining Farm Business			
	Records-I			
20.	Meeting 20: Practice in Maintaining Farm Business			
	Records-II			

Part 2: Implementing

Module 7: FBS Meetings During Production Season					
Meeting	Торіс	Date	Time	Venue	
21.	Meeting 21: Agreeing on Content and Schedule				
22.	Meeting 22: Mobilizing Finance				
23.	Meeting 23: Marketing Group				
24.	Meeting 24: Marketing Our Products				
25.	Meeting 25: Buying and Crediting Group				
26.	Meeting 26: Understanding about Farming Contract				
27.	Meeting 27: Contract Appraisal				

28.	Meeting 28: Assessing and Managing Business Risks		
29.	Meeting 29: Benchmarking		
30.	Meeting 30: Characteristics of an Effective Entrepreneur		
31.	Meeting 31: Value Addition		

Part 3: Evaluating and re-planning

Meeting Topic Date Time Venue 32. Meeting 32: Assessing the Benefits of the Farm Business School Meeting 33: Assessing the Performance of the Business 33. Plan 34. Meeting 34: Choosing Farm Enterprises for the Next Season 35. Meeting 35: Preparing Marketing Plan 36. Meeting 36: Building Marketing Strategy 37. Meeting 37: Making Producing plan and Accessing the Profit 38. Meeting 38: Preparing Business plan 39. Meeting 39: Making plan

Module 8: Reviewing Past Business and Planning for the Next Season

Module 2: Understanding Basic Business Concepts

What are business activities? Business is producing and selling products that consumers want and are willing to pay for them. All business activities occur in market where the consumers purchase goods. Moreover, there is always competition in market.

Why do the businessman build plan for the Business activities? Business plan helps to direct enterprises in improving and creating advantageous competition base on the knowledge and assessment market. Furthermore, it helps to satisfy the demand of market with suitable price, reduce the competition ability of others, improve business effect and increase revenue for enterprises.

Meeting 3: Farming management as a Business

1. Farming management as a Business

Aims:

- Introducing and understanding concepts that Farming management as a Business and building the agreement about the meaning of Business.
- Understanding the important role of Farm Business.

Practice 1: Farming Business activities



- Materials, equipments

- Providers

Preparing soi
Producing

- Harvesting

- Packaging
- Transportation
- Selling
- Price

Notes:

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Meeting 4: The Trade environment of Farming

Aims:

- Review knowledge about Trade environment in commercializing process. Question:

- Which changes are affecting on your cultivating systems?

Practice: Changes in Farm

10 years ago	
5 years ago	
Currently	

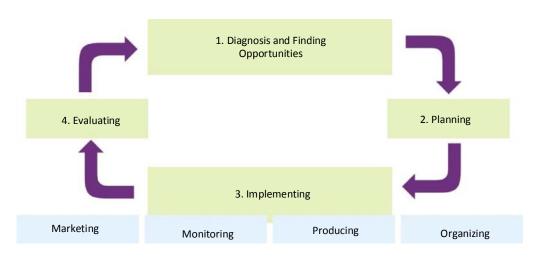
1. Discussing: Why does this change?

Notes

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Meeting 5: Farm Business Cycle



The Farm Business Cycle

Notes:

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Pao's Story

Part 1: Diagnosis/Finding Opportunities

Pao is 25 years old. He lives in Son La, a province in West-North. He returned to his village after working in army. His family had 1ha of cultivation soil. He wanted to cultivate to earn enough money for his family and purchase home comforts. For this, he needed to know the current farming practices and see what could be done to raise the income generated by the land.

He talked to farmers in his village to find out which plants they have been grown. After that, he realized there are some crops grown such as: bean, sweet potato, kudzu and maize. When asked why, they said because everyone else did; it was that they had always grown. He also learnt that these farmers were selling their products to the first buyer who came to the farm.



Next, he decided to find out what viable products could be produced to bring higher income. He came to the nearest

town and when he talked to shopkeepers and traders, he found out that there was a high demand for tomato that grown in wrong season. Pao knew that it was convenient to grow tomato such as cultivated soil, weather. Then, he found three shopkeepers who said they would buy tomato from him, if the quality was good. They said they normally paid 6,000VND per kg.

Before investing, Pao needed to know if he could make a profit by growing and selling tomato (that grown at wrong season) at the market rate... He visited a neighboring village, where farmers told him that tomato was indeed a profitable crop.

Questions

What did Pao realize about the farmers in his village?

What did Pao decide to do? How did he do it? Why is this important?

What did Pao learn from his visit to the market (shopkeepers and trader?(

What did Pao decide to do? Why could he be confident about this?

For final guidance, Pao approached an extension worker from the local community organization. She advises him to start with planting $\frac{1}{4}$ of a ha with the new crop. She also told him he should be able to harvest about 4,000 - 4,500kg per ha.

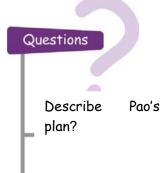
After finishing his own survey, Pao decided to grow $\frac{1}{4}$ ha with tomato, and the remaining with other crops such as kudzu, maize or rice.

Notes

Part 2: Planning

Bases on what he had learnt from the market, from other farmers and from the extension worker, Pao set himself a goal of growing ¹/₄ ha of tomato and selling it to the three shopkeepers he met. He figured out that if he sold 4,000 kg of tomato with the price is 6,000VND/kg; he would receive a total of 24,000,000 VND.

Now, he set about making a plan. To find out how much profit he could make, he first needed to know the costs of the inputs that would be higher into the growing. It was the first time he knew what primary inputs were needed (including seed, fertilizer, pesticides, labor, and etc). Then he discovered how to package the tomato so that it would be acceptable to the three shopkeepers. Finally, he found out the best way to transport the garlic from his farm to the



shops. The inputs would cost him 13,000,000 VND – meaning he was looking to make a total profit of 11,000,000 VND from the new crop.

Of course, after making the plan in his mind, Pao needed to actively implement it. He had to buy his inputs, organize his labors, prepare his land and plant his crop. He also had to get organized to package his tomato and transport it to the three shopkeepers.

Notes

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Part 3: Implementing: Organizing, Producing and Monitoring

When Pao had all the right inputs, he prepared soil and planted his crop. However, he realized tomato that was grown in wrong season grew as not well as he expected. He went to the extension worker, who advised him to replant using another variety. He had to pay extra cost to buy new seeds and replant, because he knew that he had made a promise to several buyers in the market to supply good quality of tomato. He did his arithmetic, and knew that he would still make a profit.

Since he knew the crop would come later than the original plan, he made new arrangements. This did not cost him anything extra. The second time, the tomato grew much better. Several months later, Pao's tomato was almost ready and it was looking good.

When it got close to harvest time, Pao purchased bags for packaging to market his tomato in the three shops. Very shortly thereafter, Pao harvested his tomato. It was a month later than expected, but it was worthy.

Questions

What happened after Pao planted his garlic? What did he do about it? Why?

When it got close to harvesting time, what did Pao do?

Notes

Part 4: Implementing: Marketing

As the tomato was harvested from the field, it was checked and cleaned. The bad fruits were thrown away; the rest was packed into the bamboo basket and carton boxes. When scaling all the fruits, Pao got 500kg. Although it was a little less than his goal, Pao did his calculations and knew that he would still make a profit.

The transport arrived as planned. The boxes were loaded onto the vehicle and Pao took his tomato to the three shopkeepers.

Initially, the first shop refused to take his tomato because he took later than expected. However, Pao showed the shopkeeper the quality of his products and convinced him to buy it.

The second shopkeepers agreed to buy the products, but they wanted to pay after 30days. Pao explained that this was his first crop and he wanted to keep selling to this shopkeeper, but couldn't if they could not make a better deal on payment. In this way, Pao persuaded the shopkeeper to pay 50% immediately and 50% after thirty days.

The third shopkeeper refused to pay the agreed price. He said that he was able to get cheaper tomato from another farmer. Again, Pao showed the shopkeeper the quality of the product. He also told him that his competitors had bought the tomato at the agreed price. In this way, Pao convinced the shopkeeper to pay the agreed price – in cash.

Questions

The harvesting and packaging went well. What happened when Pao took the garlic to the three shopkeepers? And what did he do about it? Why?

Notes

Part 5: Evaluating

Pao was happy when he came home. However, he realized that his task was not complete. He still had to evaluate his tomato business, by comparing what he planned with what actually happened. He also needed to calculate how much profit he had made.

He noted that he had to replant the tomato because he had used the wrong seed. He decided that he would check with the extension worker before buying inputs next time.

Moreover, he also cared about the shopkeepers' ideas. The first vendor had been concerned about the delay in delivery. Next time, he would be sure to keep his buyers informed and confirm the deal beforehand.

Pao knew that the income from sale is not equal to profit. He sold all 4,000kg tomato with the price 6,000VND/kg. Thus, the total income was 24,000,000VND. His costs were 13,000,000VND including the 2,000,000VND for replanting. So, his total profit was 11,000,000VND.

This was the first time Pao had been responsible for his family farm. And he earned more money than last year. His parents were very proud of him and asked what he was going to do with the farm next year. He said he would investigate more opportunities. He would research the market again, speak to the extension worker and other farmers to get more information about producing and marketing. At that time, he would decide what to do next.

For the day, Pao wanted to celebrate! He invited his family and friends to a party. All of them wanted to know how Pao had made so much money from his farm. He shared the whole story with them, so they could also learn from his experience.



After Pao sold all his garlic and went home, what did he do? Why ?

What are some of the things Pao learned from his evaluation? What did he do about it?

Did Pao make a profit? How did he know? What did he plan to do about it?

Notes

Module 3: Assessing current farm situation

Meeting 6: Farm Business Profitable

1. Understanding about costs

Variable Costs:

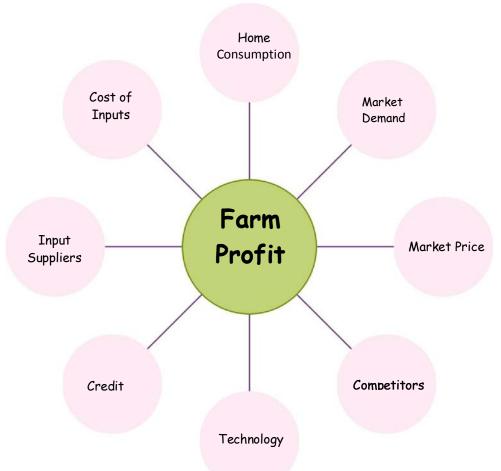
Variable cost is the costs of actual production. They apply to specific enterprises on the farm. These costs vary as output changes. These costs occur only if something is produced. They do not occur if nothing is produced. Variable costs can be allocated to specific enterprises.



Fixed Costs:

The fixed costs apply to the farm as a whole. Fixed costs are costs that do not vary with changes in production output of a specific product. Fixed costs remain the same regardless of the output. Even if, there is no output, there will still be fixed costs.

Farm Equipment	Implements	Packing shed	Farm infrastructure
(e.g. Tractor)	and tools	I deking shed	(e.g. fencing)



What Can Affect Farm Business Profit?

Notes:

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2. Farm Business Profitability Understanding about Profitability

FARM INCOME	FARM COSTS	PROFIT
•	market products; the value of all the things used to produce	•
Notes:		
	••••••	

Farm business, variable cost and fixed costs

rai ii business, variable cost and fixed costs									
Farm business	Types of business activities								

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Variable cost	Fixed costs

3. Factors affect Farm Business

Notes:

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Meeting 7: Assessing current Farm situation

1. Assessing current Farm situation

Aims:

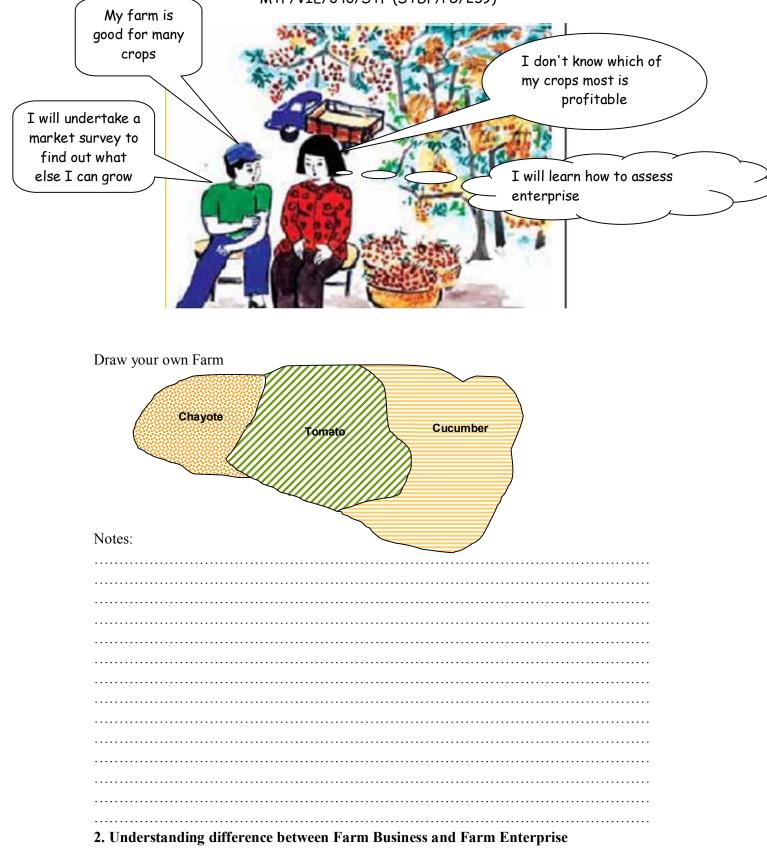
- To understand which problems that Farm has to deal with and the potential of Farm in running as a Business.
- To understand what is Farm as a Business
- Improve scholars' skill in managing Farm as a Business.

Frequent questions:

- How can I assess my Farm activities are goof or not?
- In which can I evaluate current farm situation?

From Analysis to Action

Strengths	Possible Actions
Example: My farm is good for many crops	Example: I will undertake a market survey to find out what else I can grow
XX7 X	
Weaknesses	Possible Actions
Example: I don't know which of my crops is most profitable	Possible Actions Example: I will learn how to assess enterprise profitability
Example: I don't know which of my crops is most	Example: I will learn how to assess enterprise
Example: I don't know which of my crops is most	Example: I will learn how to assess enterprise
Example: I don't know which of my crops is most	Example: I will learn how to assess enterprise
Example: I don't know which of my crops is most	Example: I will learn how to assess enterprise
Example: I don't know which of my crops is most	Example: I will learn how to assess enterprise



Farm Business	Farm Enterprise							
Farm business refers to the whole farm as a business. Together all enterprises make up the farm business as a whole.	Farm enterprises refer to the individual enterprises of the farm. Each crop or kind of livestock produced is an enterprise. A farmer may produce maize, beans and eggs. Each of these products is an enterprise. Maize is an enterprise; Beans is an enterprise; Eggs is an enterprise.							
Notes:								

. . . 3. Understanding Farm Enterprises Supplementary enterprises Competitive enterprises Complementary enterprises Enterprises "supplement" one "com¬plement" Enterprises Enterprises "compete" when another when they one another when they use they use the same resources. might interact in a supportive two resources that otherwise not be used. way process. Notes:

4. Farm Assessment Audit Checklist

Business	Stren	gths	Weakr	nesses	
Aspects	++	+	++	+	Comments
Use of farm land					
Choice of crops,					
livestock and poultry					
Farming technology					

and input use						
Labor supply						
and use						
Harvesting, post harvest,						
storage and packaging						
Marketing, transport and						
delivery arrangements						
Savings, capital						
formation and use						
Records and record						
keeping						
Linkage to input						
suppliers						
Linkages to markets						
Linkages to financial						
institutions						
Notes:						
		••••				

5. Analyzing strengthen and weakness

Notes:.....

Meeting 8: Understanding Enterprise profitability

Aims:

- Understanding Business Profitability
- Understanding the effect of changes to Business activities Frequent activities:
 - How can I get profit in my Business activities?

1. Understanding Enterprise profitability

Budget for Business	Estimate of income and costs of one
	individual enterprise
Income	Cost of products that are sold and used
Costs	Costs of inputs, equipments and labors for
	producing
Profit	= Income - Costs

Example:

Business Profitabil	ity:	VND	
Duration: Novemb	er 2010 – April 20111		
Income			
	Weigh (kg)	Price (VND/kg)	Total (VND)
Tomato			
Total income			
Variable cost			
	Weigh (kg)	Price (VND/kg)	Total (VND)
Seeds			
Fertilizer			
Labors			
Harvesting			
Total variable cost			

Notes:	
	······
2 Determining changes that affect Rusiness profitability	
2. Determining changes that effect Business profitability Notes:	
2. Determining changes that effect Business profitability Notes:	
Notes:	

<u>Meeting 9</u>: Determining the Minimum Price and Yield for the Enterprise Aims:

- Understanding price and minimum yield that make the Business profitability. Frequent questions:

- What is the minimum price for products?
- What is the minimum yield per ha for plants?

1. Calculating Break-Even Price

A break-even price is the minimum acceptable price that covers the cost of production. At this price the income received will be equal to the cost of production and the profits will be zero. Thus there is no profit.

The break-even price is calculated by dividing the total variable costs with the per unit level of production that you think you can get. We can get the information from our enterprise budget.

Formula for Break-even Price = Total Variable Costs per acre / yield per acre

Example: Business Profitability:VND Duration: November 2010 - April 20111 Income Weigh (kg) Price (VND/kg) Total (VND) Tomato Total income Variable cost Weigh (kg) Price (VND/kg) Total (VND) Seeds Fertilizer Labors Harvesting Total variable cost Business profitable

Notice: taking the result of this example to calculate Break-even price.

Notes:	

2. Calculating Break-Even Yield Formula for Break-even Yield = Total Variable Costs per acre / price of product Notes:.....

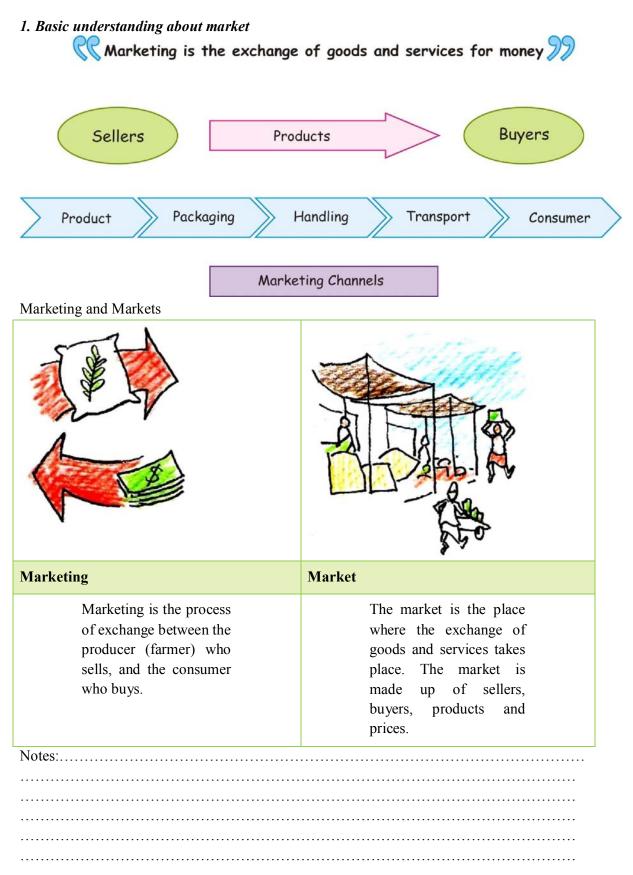
Meeting 10: Defining Marketing and Markets

Aims:

- Understanding marketing cycle
- Choosing business activities that scholars' concern.
- Choosing business activities through analyzing market opportunities.

Frequent questions:

- What is marketing?
- What are main steps in marketing?



	esh vegetables throug	cities for trade-Impro gh the value chain appr TF (STDF/PG/259)	ving safety and quality oach"
2. Our product mark 5. Which products a markets?	ure available in	4. What quantit	ies do they want?
3. When is the best time to join these markets?	1. What do they the learn about		2. What do they do to know about these markets?

Notes:

Meeting 11: Preparing for a Market Survey

Aims: Providing the first experience about Market Survey to scholars *1. Preparing for Market Survey* Market Survey Questionnaire

Traders		
	1	What farm products do they buy the most?
	2	Why do they buy these products?
	3	What quantities do they buy?
0	4	How do they assess demand?
	5	How often do they buy products?
	6	Which products are most profitable?
	7	What time of the year can the highest prices be attained? (month or season)?
ST TR	8	What is the quality of their products?
05	9	What do other products have a high demand in the market?
	10	From which farmers do they buy their products?
	11	What do they do to expand their business e.g. (credit sale, promotion, packaging) etc.?
	12	What type of problems do they deal with?

Retailers		
	1	What farm products do they buy the most?
	2	Why do you buy these products?
	3	What quantities do they buy?
	4	How do they assess the demand?
	5	How often do they buy products?
	6	Which products have the highest profit?
		What times of the year can the highest prices be
	7	attained? (month or season)?
	8	What is the quality of their products?
	9	What other products have a high demand in the

		market?
	10	From which farmers do they buy their products?
	11	What do they do to expand their business e.g. (credit sale, promotion, packaging) etc.?
	12	What type of problems do they face?

Farmers (individually or in groups)					
	1	What farm products do they sell the most?			
	2	Why do they sell these products?			
	3	What do they do to sell those quantities?			
	4	How do they assess demand?			
	5	How often do they sell products?			
	6	Why do they sell directly?			
	7	What products are most profitable?			
	8	What time of the year can the highest			
		prices be attained? (month or season)?			
T AN AN AN AN AN	9	What is the quality of their products?			
	10	Do buyers pay a premium for graded produce?			
	11	How much higher are premium prices for quality products?			
	12	What other products have a high demand in the market?			
	13	What are the advantages of group marketing?			
		What do they do to expand their business			
	14	e.g. (credit sale, promotion, packaging) etc.?			
		What type of problems do they face?			

Competitors (doing same business)

	1	Who else provides such products? Where?		
	1			
	2	What type of products do they provide? At what		
		prices?		
	3	What is the quality of their products?		
	4	What do they do to make their business more		
		competitive and profitable e.g. (promotion,		
		packaging) etc.?		
	5	What type of skills do they possess and do they		
		upgrade them?		
	6	Do any of the farmers (sellers) have a competitive		
		advantageous position?		
	7	What can I learn from them?		
	8	What type of problems do they face?		

Transporters			
	1	What type of transportation is available?	
	2	What are the rates?	
	3	Can you provide special transport services for particular products?	
	4	Which products do you have cover packaging services?	
	5	Can you guarantee timely pick up of products from farm? How?	
	6	Can you guarantee timely arrival to market? How?	
	7	Can you guarantee safety transport?	
	8	What can you do to transport frequently?	
	9	What type of problems do they face?	

Notes:

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	arket Survey
Proce	ess:
-	Reminding the tasks for marketing groups.
-	Helping them to start.

- Checking as requested.

(Using the above questionnaire to record) Notes:

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Meeting 12: Discussing after visiting market

Using these following questions for the discussion:

- How can we do to introduce new products to market?
- How can we do to manage a lot of products in market?
- When does the market need that product? A whole year or in a particular season?
- What types of package are used?
- How can people manage products? Who has that right?
- What are the criteria for size, shape...of products?
- Whom do the products belong to? Producers or others?
- Who can buy the products?
- How can pay for the products?
- What will happen to the un-sold products?

Notes:

Module 4: Knowing Where We Want to Go

Meeting 13: Developing a Vision and Goal for the Farm Business Aims:

- Encourage the scholar to form a vision for their Farm Business Activities. Frequent questions:

- How can I do to improve my Farm Business Activities in next five years?

1. An Example of Vision and Goals

	By end of 3 years, I will operate my farm as a business enterprise in a cost
Vision	effective way. To make farming enterprise economically, I need to do viable
	ways.

Production:

Production:		Marketing products:	
1.	Make farm production plans carefully to enable me to take advantage of the market demands.	3. Always gather market information and identify market opportunities for farm products,	
2.	Use farm resources optimally and without waste in the production	4. Properly manage harvesting, post harvesting and storage	
	process.	5. Ensure product quality, conveniently packaging and timely delivery of the products.	
Profits:		Managing my farm as a business:	
6.	Ensure farm expenditure does not exceed income.	8. Keep carefully records of all farm operations, inputs and production	
7.	Save a minimum of 10% from the	outputs.	
	annual income as contingency insurance fund.	9. Recording and monitoring all income and expenses.	

By end of 3 years, I will operate my farm as a business enterprise in a cost Goal effective way. To make farming enterprise economically, I need to do viable ways.

Examples of family goals:

- to be self-sufficient in food
- everyone in the family is healthy
- everyone in the family gets an
- education

Examples of business goals:

- Increase profit by 100%
- Increase income by 100%
- Increase yield by 50%

Notes:

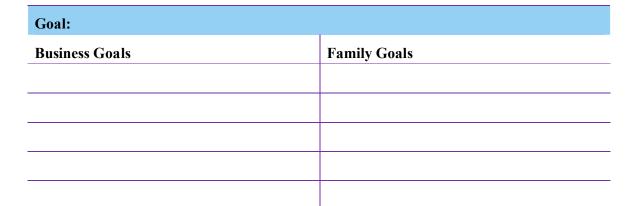
2. Building goals for Farm Business activities

Aims:

- To understand the important role of Farm Business.
- To identify Farm Business often has many goals.
- To understand the balance between Business goals and Family goals.

My farm vision and goals

Vision:



Notes:

Module 5: Developing a Farm Business Plan

Meeting 14: Farm Business cycle

Aims:

- To enhance the knowledge in managing Farm Business.
- To prepare for writing a Farm Business Plan.

	Diagnosis and Findin opportunities	g	2	 Building aims and goals
Assessing		Plan		Determining potential and resources
				Determining opportunities
				Determining budget and choosing business type
				Preparing farm plan and actio
	Implementing		l •	
Marketing	Controlling	Produ	icing	Organizing
Notes:				
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Choosing an Enterprise

Aims:

- To understand the aspects of one Business activity.
- To understand what can be done in one Business plan.
- To build and complete one particular Business plan.

Practice 1: Choosing Business activity and taking shape business group

Choose an enterprise to work on. Then join up with a few other participants who want to work on a similar enterprise. Together you will form an enterprise group and will work on developing a business plan for that enterprise. For your chosen enterprise, your enterprise group will eventually decide the following:

- What to produce?
- How much to produce?
- How to produce it?
- What price to charge?
- How to market it?

You can change one enterprise so that you can take the advantage of the benefit of market. Otherwise, you can change the way you form an enterprise to help it make more profit. The most important thing is that any chosen enterprise must have its own market. Notes:

Practice 2: Undertake Technical Feasibility

Example of Technical Feasibility

Technical Production Factors		
For Crops	Okay/Not okay	
Soil		
Climate (rainfall, temperature)		

Topography	
Water availability	
Notes:	

Practice 3: Physical resources and Input availability

Answering three questions:

- Which physical resources are needed? (capital, inputs, equipments)
- How much are they? How much does the farm have? How much do farmer buy?
- Who is provider?

Resources/Inputs	Quantity	Source of Supply
Seed		
Fertilizer		
Pesticide		
Equipment		
Implements and Tools		
Storage Structures		

Notes:	 	
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Practice 4: Assess Labor requirements and Availability

To answer the following questions:

- Do you use only family labor? Do you hire labor?
- Are the labors neighbors?
- How much labor must you hire?
- When do you need them?
- Which case do you hire labors?

Activity	Month	Amount of labors to hire	Number needed	of	days
_					

Notes:

Meeting 15: Making plan for Farm Business

Aims:

- To understand the important aspects of one enterprise.
- To understand what necessities are in one enterprise.
- To build and complete business plan for one farm.

Components of Farm Business Plan:

- 1. Background
- 2. Farm Production plan
- 3. Market plan
- 4. Profitability
- 5. Cash availability
- 6. Risks in farming

Practice 1: Writing a Farm Business plan

A farm business plan is a document that records the most important decisions and actions affecting the operation of the farm business. It is a way to make sure that all the things that need to be done are done, and in a way that makes the farm more profitable.

Notes:

..... **Practice 2: Background** Description of the farm business, including its objectives, vision and goal. It helps the farmer stay focused on what he or she wants to achieve. Notes:.....

Practice 3: Farm Production plan

Business	Area (ha)	Expected (ta/ha)	yield	Total yield (tons)

Describe Business activities of one farm, including vision, goals and aims. That helps the farm to focus on main achievements.

Example 1

Enterprise	Land size (ha)	Expected yield (ta/ha)	Total yield (tons)
Tomatoes	2.0	130.0	26.0

Example 2

Enterprise	Land size (ha)	Expected yield (ta/ha)	Total yield (tons)
Cucumbers	1.0	150.0	15.0
Notes:			

Practice 4: Marketing plan

It specifies the enterprise, the target market and the buyer in additions to:

- What price will you get for your product if you sold it at your farm gate?
- What price will you get for your product if you sold it at the market?
- What costs will you have to take your product to the market?

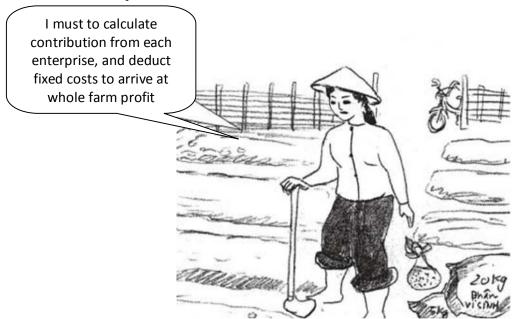
Example

Enterprise	Target Market	Buyer	Expected quantity to sell (kg)	Market price (VND/kg)	Marketing Cost/1kg	Farm gate price (VND/kg)
Tomatoes						
Notes:						

 	 	•••••	•••••	 	

Practice 5: Profitability

It details the profit contribution from each enterprise, and deducts fixed costs to arrive at whole farm profit.



Notes:

.....

Variable cost

Item	Unit	Unit Price (VND)	Value (VND)
Seed	kg		
Fertilizer	kg		
Pesticides	VND		
Water Charges	hour		
Labor Charges	hour		
Harvesting	hour		
Total variable costs	•		

Enterprise Profit

Expected profit

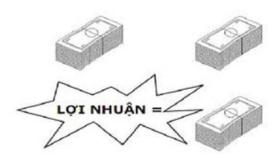
Expected Enterprise profit	Value (VND)
1	
2	
3	

A. Total enterprise profit	
B. Fixed cost (annual depreciation)	
Total annual fixed costs	

CÁC CHI PHÍ

DOANH THU BÁN SÀN PHẨM





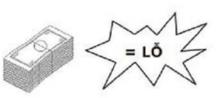
Nếu doanh thu được từ việc bán sản phẩm cao hơn các chi phí sản xuất, thì hoạt động kinh doanh đã thu được lợi nhuận.

hu được từ việc

CÁC CHI PHÍ



DOANH THU BÁN SÁN PHẨM



Nếu doanh thu được từ việc bán sản phẩm thấp hơn các chi phí sản xuất thì hoạt động kinh doanh đó bị thua lỗ.

Notes:

Practice 6: Cash availability

It details the cash flow (in/out) for each enterprise, to ensure that enough cash is available monthly.

Α				Bud	get		Steps	Template
Step1: Enter	prise							
Step2: For the Step3: Area							enterprise	Put the name of the (e.g. Tomatoes). gree on duration for this
Steps. Alea		vation	(IIa).					, e.g. for the period 010 to June 2011 .
Step4: Incom	ne							
Item	Quantity	Unit Pric		Value				stimate the area of the cultivation (ha).
		(VN		(VND)			the various gate, or in	alculate income by listing s, including selling at farm local market, or exporting,
								onsumption, or given away. ities and prices for each
							form of di	sposal may be different. If ce has been retained for
						_	home con	sumption, or given away,
						_		e that the unit price marketvalue.
Step5: Total	Income						STEP-5: (Once all the values have
Step6: Varia	able Costs						been calcu	llated, it will reflect the me from that particular
Item	Qua	ntity	Uni	t Price	Value		enterprise	•
			(VN	D)	(VND)		related ·	to the production of Under the column items,
							list all	the production costs with this enterprise. For
							each itei	n, trace the specific nd the unit price to arrive
								e (in VND) for each item .
								otal the value or cost for
Step7: Total	Variable C	osts					all the ite Variable Co	ns to arrive at the "Total osts ."
								o arrive at the 'Enterprise
Step8: Enter (inc	prise Profit come – vari		osts)					ubtract from the total total variable costs.

Answering all questions about cash availability -Do I have enough money to running all business activities? (a). I have enough cash for all my business activities: (b). I need the following money for all my business activities:..... (\ldots) Yes, I have enough cash (...) No, I do not have enough cash (c).Amount of cash Ι need is:.... Ι following (d). need cash for the month:.... (e). I can get money from the following sources: Oct Nov Dec Jan Feb Jun Jul Activity Sep Mar Apr May Aug Total Cash inflow Crop Sales Cash Available Cash Outflow Seed Fertilizer Pesticide Labor hired Cash Needed Net Cash Flow Notes:...

Practice 7: Risks in Farming

Risk refers to things that could happen that can harm the farm business. Farmers need to think about them ahead of time and be prepared for them. In this case we will look at the risk for your chosen enterprise



Example:

Risk and what harm it can do	How to handle the risk
- Products can be damaged on the way to the market. This can result in a lower market	- Making sure the products are properly packaged.
price. - Market price can drop. This would result in lower profits.	- Studying the market and deciding whether to sell early or late; or to sell all at once or a little at a time.

Meeting 16: Completing a Farm Business Plan

Aims:

- To check, and complete draft plan for particular business activities.

1. Checking Farm Business plan

Notes:....

2. Building an Action plan

Aims:

- To know how to organize all business plan during the crop season.
- To take the advantage of available sources for doing business plan.

Practice: Preparing an Action plan

Physical resources and Inputs	Duration	Start date	Responsibility

Labor sources	Duration	Start date	Responsibility

Notes:

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<u>Meeting 17</u>: Choosing equipment provider and Assessing financial resources *1. Review practicing at previous meetings.*

Notes:

2. Buy input equipments

Aims:

- To understand how to get inputs and equipments for Farm business activities. Frequent questions:

- Who is the input provider?
- What criteria do you use to choose suppliers?
- Who is the best provider for our Farm Business activities?

Practice: Combining input providers

Classification providers

Inputs	Providers	
Inputs		
Seeds		
Fertilizer		
Pesticides		
Tools		
Transportation		
Price		
Quality		
Availability		
Correctness		
Techniques		

Notes:	
	• • • •
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3. Visiting providers

Aims: to create a rank table about providers.

Notes:

Practice 1: Visiting one provider to build the linkage

Notes:

Practice 2: Record results after visiting providers

Notes:

4. Assessing financial sources

Aims: To help scholars to understand all financial sources, including advantages and disadvantages at the end of the meeting.

Frequent questions:

- Whether can I get money from Farm Business?
- How can I know that is the best cash for me?
- Practice: Assessing cash sources

Financial sources	Advantages	Disadvantages
My own saving		
Borrow from family, friends		
Borrow from businessman		
Borrow from sellers		
Credit bank		
Credit for products		
Funded by investors, Government		

Module 6: Keeping records

Aims:

- To assess and to understand the important role of keeping documents.
- To understand how to record documents.
- To understand how to use documents.

Frequent questions:

- How do the farmers collect, recording and using data most effectively?

What is record?

A record is written proof of what happened or what is happening or anticipated to happen. A record can also be a written proof of what was said and who said it. Some examples are: minutes of a meeting, a report on the number of group members who worked in the group garden, a record of the names of members who have brought in their membership contribution.

Why Keep Records?

Many people do not write down how much money comes in and how much money goes out of their business. This is because they do not know how to do it and they do not know that it can help their business. Therefore people do not really know how much money they are earning. Record keeping means that you write down all the money that comes into your business and all the money that goes out of your business and also including the production activities. Record keeping is important because you cannot keep everything in your head. People are forgetful by nature.

Advantages of Record Keeping:

- You will know how much money you have received and spent? And how have you spent it?
- You will know how the amount of inputs and materials used to grow the enterprise
- You will know the price of product sold and cost if inputs.
- You can calculate whether you are making a profit or a loss.
- You will be able to make better decisions on what to buy and sell
- You can keep records of buying and selling on credit, so that people cannot cheat you.

Practice 1: Group discussion: The most important questions

You met a farmer who grew vegetables, he said that he had had a good crop that season. What are two most answers you want to know after you got that information?

- Each person had to think and write down own answer.
- Continue with individual for their main question.

Notes:

Practice 2: Playing game: the advantage of keeping record
There are some questions in the game:
- What will happen in the play?
Notes:
- Why doesn't Mai believe that her husband didn't use the money effectively?
- Why doesn't Mai believe that her husband didn't use the money effectively?
- Why doesn't Mai believe that her husband didn't use the money effectively? Notes:
Notes:
Notes:
Notes:
Notes:

Practice 3: Keeping documents

The documents are used to record what happened, are happening or will happen. A document will become the text evidences for what you told to others.

Example: report of a meeting, reporting the number of members in group, a documents about members' name...

Notes:

Practice	4:	Production	reports
1 nuclice	••	1 rounchon	reports

Enterprise	Land size (ha)	Expected yield (ta/ha)	Total yield (tons)

Notes:

	 	 	 	 	 	• • •		 	 •	 	 •	 	•	 	 	 	 	• •	 	•	 • •	 	•	 •	•	 •		 	 •	 	• •	 	 	 	 		•••	•
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Practice 5: Labor record

Date	Activity	Number of	Number of	Total Number of
Datt	Activity	working people	working hours	working hours

Notes:

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Practice 6: Cash inflow record

Date	Sales	Quantity (kg)	Unit price (VND)	Total income (VND)	Comments
Total					
Notes:					•

Notes:

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Practice 7: Cash outflow Record

Date	Operation/inputs	Quantity	Unit cost	Total cost	Comments
		(units)		(VND)	
-					
Total					
Notes:	•		·		
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Practice 8: Home consumption record

Date	Consumed items	Quantity (kg)	Unit price	Total value (VND)	Comments

Total			

Notes:

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Practice 9: Profit and Loss record

	Quantity (unit)	Unit price or cost	Total (VND)
Income			
Sales			
Home consumption			
Others			
Total Income (a)			
Expenses			
Input and materials:			
- Seeds			
- Fertilizer			
- Pesticide			
Field operations:			
- Land preparation			
- Ploughing			
- Planting			
- Weeding			
- Harvesting			
Total costs (b)			
Profit (a-b)			
Notes:			·

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Practice 10: Fixed asset record

Date of purchase	Typeofmachines,equipments	Purchase price (VND)	Life (years)	Comments
Notes:				

PART 2: IMPLEMENTING

Module 7: Farming Business School meetings during Production season

Meeting number	Date	Key contents (Modules, Sessions, Exercises)

Meeting 21: Agreeing on Contents in meetings

Notes:

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Meeting 22 : Mobilizing Finance



The necessity and importance of Finances

A farmer has to cover the costs of activities that include buying seeds at 500,000VND in March – ploughing at 700,000VND in June and hiring labor at 250,000VND in May and June, respectively. The farmer has 500,000VND of cash available in March, 250,000VND in May and

500,000VND in June. How can the farmer manage the cash flow of the farm? The amount of extra cash that the farmer will need to finance the enterprise will be determined by the shortfall in the cash flow for the enterprise.

Activities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Buying Seeds			500									
Organize Ploughing						700						
Hiring Labor					250	250						
Total Cash			500		250	950						
Needed												
Total Cash			500		250	500						
Available			500		230	500						
Shortfall			0		0	-450						

The enterprise will require an additional Rs.450 in the month of June. However, the total cash needed will be a sum of all the cash short falls as shown in the cash flow. So the farmer may need to borrow money from other sources such as:

What is credit? What are loans?

Credit and loans are money borrowed from finance institutions such as banks, money lenders, family and friends which must be repaid over a certain pre-defined period with interest.

When does the farmer need to access credit for the enterprise?

There is a farm business opportunity or potential but the farmer lacks funds to invest.

2 There is a cash flow problem but funds are guaranteed to be generated.

Assessing the Costs of borrowing (Conditions or Terms to be considered)

	Interest is the cost of borrowing money. It is usually given as a percentage.
Interest	Interest rates may vary depending on where you get your loan. There are
rates	usually government laws that limit the interest rate to protect you from
	dishonest lenders.
Bank	Some lenders may also charge a certain fixed amount for processing the loan.
charges	This may be charged separately or it may be made part of the interest rate.
Loan	This is the time over which you have to repay the loan. The period may also
repayment	vary depending on where you get your loan. You should choose a repayment
period	period that is most appropriate for your enterprise.
	This refers to the period of time between getting the loan and when you have to
Grace	start repaying it. Lenders usually understand that some enterprises may need a
period	longer period of investment before realizing profits. You should choose a grace
	period that is most appropriate for your enterprise.

Sources of Finance

Family	Eviende	Micro Finance	Danka
Family	Friends	Institutions	Banks

List of Credit providers

No.	Name of Lender	Interest rate charged	Loan repayment period	Grace Period	Banking

Directory of Credit providers

Notes:

Meeting 23: Marketing group

Different stages in marketing products

Product Preparation	This involves cleaning, sorting and grading.
Packaging	The types of packaging used may range from simple jute bags to plastic packaging for the direct transport of fruits to consumers.

Handling	Products are handled several times before going to the market. Handling includes loading and unloading, re-packaging, weighing, etc.
Transport	Costs are incurred by farmers when they take their products to the market. These costs may the payments to a transporter or they may also the include running costs of farmer's own transport.
Storage	Products that are not sold immediately are usually stored. It is an important cost for many products. The main purpose of storage is to extend the availability of products over a longer period than if it were sold immediately after harvest. The assumption behind storing products for the market is that the price will rise enough while the product is being stored to cover the costs of storage.
Losses	Losses include loss of weight in storage and transit, loss of color, shape, bruises, over-ripening, etc. The cost of these is measured by cash paid out. It is measured by loss of income.
Other Marketing Costs	Other marketing costs include fees, commissions.

Example: Achieving goals together

Mr. Minh, Mr. Manh, Ms. Nga, Ms Lien and Ms Hao are farmers who live near each other. They each have a small farm of about 1.2ha. They use their farm to feed their families and to generate income.

Mr. Minh's wife recently died after taking over the family farm in long time. He has always worried that the farm did not bring enough income. This forced him to do piece work in the nearby town. Now that his wife had passed, Mr. Minh must stay at home to take care his children. He needed to find a way to make more money from his farm.

The first thing Mr. Minh did was to contact the Extension workers in his area. They helped him improve his production program. This did bring his more income, but he wondered it there was some ways to improve income again.

He talked to the Extension workers again. This time, they suggested that he should tall to some of the others about the collecting market. Mr. Minh asked: what is collective marketing? They said it is when a group of farmers market and sell their crops together to the Hanoi

buyers. When they have more to sell, they have more power in the market. It can help them to access new markets.

Mr. Minh was not convinced, so that he went to meet and talk to Mr. Manh about collective selling. Mr. Manh had heard about collective marketing before. He heard that he could make more money from this, but he hadn't tried it, yet. They decided to go to ask the Extension worker to go with them to the city to see what they could learn.

Mr. Minh, Mr. Manh and the Extension worker traveled to the city. They went to the market and talked to several buyers. They found that they could get a better price for their vegetables in the city than in the local market. They also found that they could sell maize with higher price if they brought enough maize to one location. The buyers would be willing to send a truck because they did not want to go from farm to farm. And they learned that they would get a higher price if they all grew the beans of Asian Vegetables Research and Development Center (AVRDV), and weighed and packaged them uniformly.

They returned home and decided to call a meeting. Mr. Minh and Mr. Manh were there. Besides, Ms Nga, Lien and Hao also attended. Mr. Manh explained to the group that if they sold their maize on the local market, they could get 2,500VND/kg. On the other hand, if they sold it in the city, they could get 3,100VND/kg. The cost of transportation to the city is 30VND/kg if they used small truck (1.2tons).

Ms Hao said that she could not have 1.2tons. She did not have that much to sell. So did Ms Lien. Mr. Manh explained that that was the whole point. He asked each farmer how much they could sell. They said they could sell between 200 and 300kg each. That meant that they had between 1000 and 1250kg to sell. Mr. Minh said this was very good. He asked if they would all kike to join in the collective marketing.

Everyone but Ms Nga was willing to join the collective marketing plan. Mr. Minh said that meant that Mr. Minh, Mr. Manh, Ms Lien and Ms Hao would have to market 300kg each. They all agreed. Ms Nga made her apologies and left. Mr. Minh, Mr. Manh, Ms Lien and Hao agreed that Mr. Minh should go back to the buyer in the city and organize the contract on their behalf. They got an exercise book and wrote out a short agreement that said they would each deliver 300kg of maize to Mr. Minh's farm after harvesting in spring season. They all signed the agreement.

Mr. Minh got a contract for buying 1200kg of maize at 3,100VND/kg. He organized the transport as agreed. When the harvest started, four farm families deliver 300kg and paid 930,000VND each. The transporter arrived and he went with the crop to the buyer. He was paid 3,720,000VND in cheque. He immediately took the cheque to the bank and deposited it inter his account.

When he got home, he told the others that everything had worked out well. He showed them the receipts and the bank deposit slip. He said as soon as the cheque cleared the bank, they would all get their money.

Two weeks later, the cheque cleared the bank. They went to the bank to get their cash. Each one was to receive 930000VND. But before they took their money, they said that it was not fair to Mr. Minh. He did all the work and had to pay for trips to the city. So, they decided to pay him 100000VND. He was very happy with that and thanked them. Then they withdrew

their money and went home to tell their family the good news. They agreed to meet the following week to discuss collective marketing for their vegetables, milk and rice.

Meeting 24: Marketing our products

Discussing in group the following questions:

- a. What opportunities did Mr. Minh and Mr. Manh discover in the city?
- b. Which opportunities did they choose?
- c. What price could Mr. Minh get for his maize at the local market?
- d. What price could Mr. Minh get for his maize at the city?
- e. What were the conditions for getting the price in the city?
- f. What cost should he have if he sold his maize in the city?
- g. What did he have to do the meet the conditions?
- h. What contracts did Mr. Minh write out?
- i. How did things work out?
- j. What were the differences in profit that Mr. Minh and his partners got by selling in the city?
- k. Which decisions did four farmers make about collective marketing in the future?

Notes:

Meeting 25: Buying and crediting group

Advantages and disadvantages of buying in group

Advantages

Increases bargaining power

Disadvantages

Possibility of over-centralization

Improves economies of scale	Loss of individual flexibility
Lowers transaction costs	Levies and fees for the group
Better prices	Exploitation of weaker members
Lowers transportation costs	• Forced to accept prices of the group
The smallest producer can sell at the same price at international marketing networks	
Sharing risks	
Encourages innovation	
Notes:	

<u>Meeting 26</u>: Understanding about farming Contract

Farming contract is done when individuals or a group come into formal (written) or informal (verbal) arrangements for marketing their products with buyers. There are a number of ways or approaches farmers can market their products. Some of these approaches include:

1	Contract farming	2	Group marketing	3	Individual marketing

Advantages of Farming Contract:

- Encourage small-scale producers to diversify into new enterprises
- Can lead to improve supply of production inputs provided by the contractors
- May help the farmer get credit
- Potential buyers can provide extension
- Can agreed price lead to
- Offers opportunities to reach markets that are very far away, including export markets
- Can help farmers learn new production methods and technical skills, improving productivity and profitability

Challenges of Farming Contract:

- Changes in the weather, pests and diseases might make it difficult for farmers to supply the amount and quality of output agreed in the contract
- If the contract requires more capital-intensive production, the farmer may be required to borrow money to buy equipment and implements
- An individual farmer may find it difficult supply the quantity required by the buyers on his own and he may not find other farmers to join him
- Producing under a contract means that the farmer is not free to run his farm as he wants. He must farm according to the terms of the contract.
- He loses some control over what he does on his farm
- The farmers might not be able to sale all their produce if it does not meet the quality standards set in the contract
- Farmers might find it difficult to bargain for the reasonable price

Tips to Overcome Challenges of Farming Contract:

- Small-scale farmers can work together in order to increase their power to negotiate the terms of the contract
- Farmers can work together to supply larger quantities of produce. This is likely to attract interest of the buyer
- Groups are likely to find it easier to share the machinery for production, hence reduce the need to borrow.
- Farmer groups are more likely to get grants and loans than individual farmers
- Farmer groups can help farmers in the group if they are struggling to keep up with the terms of the contract. They can also put pressure on one another in the group who to deliver according to the contract.

Contract Details

In groups, please describe the components given below, keeping in mind your farm's needs and issues.

	ssues.	
No.	Components	Description
1	Contract duration	
2	Quality standards	
3	Production limits	
4	Cultivation practices	
5	Product delivery	
	arrangements	
6	Pricing arrangements	
7	Payment procedures	
8	Arbitration terms	
9	Insurance arrangements	
Note	S:	

Meeting 27: Contract Appraisal

Carefully review the agreement given below and identify the strengths and weakness in the contract for both parties.

Sample of agreement for Farming contract of producing Rice

Company A offers to buy rice from farmer group B. The conditions in which the crop will be grown and sold are outlined below:

- a. Farmer group B will plant no more than a total of 100ha of rice.
- b. All crop production activities must be followed in accordance with company A recommendations and instructions.
- c. Company A guarantees to buy all grain rice produced from the allocated limit.
- d. Buying will be at designed locations and buying slips will be issued immediately after purchase.
- e. All rice field must be effectively fenced against animals.
- f. All necessary seeds, chemicals and fertilizer will be supplied and charged to the farmers. Payment for pre-sowing cultivation charges may be advanced.
 The pricing formula for grain purchases at 14.5% moisture level will be as follows:

- Production up to 3,500kg/ha	= 20,000VND/kg
- Production from 3501 to 4000kg/ha	= 21,000VND/kg
- Production from 4001kg/ha and over	= 22,000VND/kg

- g. Farmers are not allowed to sell rice covered under this agreement to any other buyer without the written consent of company A. Any breach of this agreement will result in farmers giving up their contracts.
- h. Bags will be supplied by company A. Any loss of bags will be debited to the farmer's account.
- i. Farmers will be paid when their crops have been harvested and sold to company A and all outstanding crop advances have been deducted.

If you wish to grow rice on the above terms and conditions, please complete this form and return it to company A's office before so that we may reserve your quota ofha.

(Date) (Month) (Year)

Company

Manager Representative

Farmer (Farm No)

Example: Signing Contract for Fresh products

Dry products can be stored and transported easily. For example, rice is easy to handle and package. Fresh product can be easily damaged or spoiled due to rotting. Fresh products need special packaging and handling.

A contract for fresh product would include more about:

- Packaging requirements
- Quality requirements
- Transport requirements
 - Storage requirements

Notes:

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Negotiating in Contract

Negotiation is a process whereby two parties discuss an issue and come to an agreement. Negotiation usually requires both parties to compromise. They will each give up something and hold on to something in order to come to an agreement.

Tips for successful negotiation

1	l.	Things	You	Need	l to	Know:	

- List of buyers available
- Demand and supply of crops
- Market prices and conditions

- Break-even and cost of production
- Marketing costs
- Lowest price for product

2. Skills and Abilities You Need to Have:

- Ability to say "No".
- Listening skills
 - Focus on the end goal
 - Self Control

Notes:

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Farm assessment audit checklist

	Strong	Weak								
Knowledge Areas	**	 •••	:	Areas of Improvement						
Range of buyers available										
Demand and supply of crops										

Market prices and conditions			
Break-even and cost of production			
Marketing costs			
Lowest price for product			

Skills

	Strong		Weak								
Fields	↔ :		•••	:(Areas of Improvement						
Ability to say "No".											
Listening skills											
Focus on the end goal											
Self Control											

Notes:

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Meeting 28: Assessing and Managing Business Risks

Risk is defined as any factor that may cause losses to the farm business. Farmers may have little control over such risks. Some risks are external, such as changes in market prices, low rainfall, etc. While some risks are internal, relating to the business. Farmers can control the internal risks. Most important of understand is that risk management is not a guarantee for increasing income. But farmers should be able to manage risk so that it has minimum negative effects to their business.

Following are some risks associated with farm business:

1	Production & technical risk
2	Marketing & price risk
3	Financial risk
4	Institutional risk
5	Human & personal risk

Risk Management Strategies:

- Risk-reducing inputs
- Risk-reducing technologies
- Selecting low risk activities
- System flexibility
- Production diversification
- Reserves of inputs and produce
- Spreading sales
- Market price information
- Contract farming
- Selling assets

Things to be considered to assess and manage the risk:

- The impact of the risk if it occurs
- The financial consequences if it occurs
- The likelihood it will occur
- The risk management strategy

Notes:

Meeting 29: Benchmarking

Benchmarking is a continuous process of comparing the performance of one farm against another that is performing really well. It involves gathering information from farmers who have used good practices on their farms.

What aspects of the farm should be compared?

1		
	• What is your farming system?	
	• What is the total farm area?	
Land	• What are the individual plot sizes?	
	• How far are the plots from home?	
	• Who owns the land tenure?	
	• How much land is planted to the different enterprises?	
	Is there any intercropping? How much?	
 What is the condition of the land? Fertility? Erosion? 		
	How many family members can work on the farm?	
Labor	• What is the total hours needed per enterprise?	
	• How much labor is hired? From where? What are they paid?	
	• What stocks and reserves of food, cash, etc. are available	
	 How much livestock is available 	
Capital	• What machinery, tools and equipment is available? What condition	
	is it in?	
	• What purchased inputs are used? From what suppliers? Are the	
Input Supply	inputs of good quality, reliable supply etc. What prices are being	
	paid?	
	• What is your level of production?	
	• Are there any enterprises that are performing outstandingly?	
	• What is produced? What yields are achieved? What is the quality?	
Production	• What inputs are used? What levels are applied? When are they	
	applied?	
	• How much of the crop is consumed by the household? How much	
	is sold at market	
	• Where is produce marketed?	
	• How is it marketed?	
Post-harvest	• How attractive is the market? What is the demand for the product?	
	marketing • What are your marketing cost items?	
marketing		
marketing	• What are the costs for each?	

	• Are there ways that marketing can be improved?
	• What buildings are on the farm?
Infraction atoms	How are the roads to the markets?
Infrastructure	• How are the farm roads?
	• What is the source of energy for the farm (for example electricity)
	• Which enterprises are the most profitable?
	• How is the farm managed?
	Does the farmer keep records?
Managamant	• What are the unit cost of inputs and materials?
Management	• What is your overall level of profit?
	Does the farmer plan for the future?
	• What lessons can you share?
	• What suggestions can I pick up?

Notes:

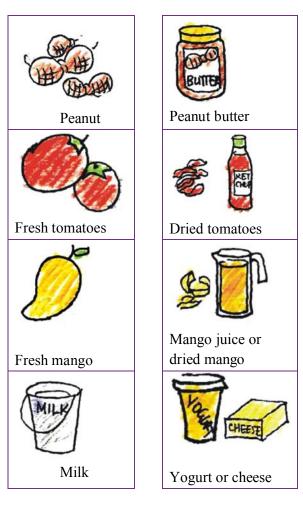
<u>Meeting 30</u>: Characteristics of an Effective Entrepreneur

Rate yourself with regard to the following entrepreneur competencies

Either you only a single box for each category strong/weak. Or you produce a scale high/medium/low.

Entrer		Strong Weak		Strong Weak	K
r	oreneurial Characteristic	**	3	<u></u>	
1	Like being your own boss				
2	Self-confidence				
3	Sense of urgency				
4	High energy				
5	A willingness to risk money and security				
6	Ability to inspire and energize others				
7	Strong will				
8	Ability to learn from failures				
9	May devote a disproportionate time to your business				
10	Very competitive				
11	May lack some business skills				
12	A "never, never, never quit" attitude				
13	Honest and trustworthy				
Notes:					•••••
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Adding Value Through Processing From To



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Adding Value Through Post-Harvest Handling

Cleaning	Transport to Storage
Drying	Cooling/Boiling

Threshing	Grading/Sorting
Packing/Packaging	Transport

Survey for added value (Questionnaire)

Production

1	What are the main products you process?
2	Do you buy them or do you provide service for others?
3	Where do you get the raw material?
4	How long does the process take?
5	What equipment and tools are needed?
6	What training and skills are needed?
7	What production risks do you face?

Marketing

1	Where do you sell the finished product?
2	How are you affected by changes in demand and changes in
	market prices?
3	How are you affected by prices of the raw product?
4	How much value does the process add to the product?
5	How much do you need to process in order to break even?
6	What marketing risks do you face?

Organization

1	How are you organized? Private business? Family business?
	Cooperative?
2	How is the business managed?
3	How are the workers paid? Daily? Weekly? According to
	production?

Notes:

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PART 3: EVALUATIONG AND RE-PLANNING Module 8: Reviewing Past Business and Planning for the Next Season

Meeting 32: Assessing the Benefits of the Farm Business School

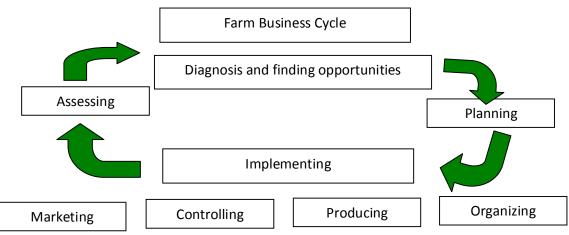
Aims:

- Assessing the improvement of farmers at the end of last crop season.
- Evaluating experiences and results of the last crop season.
- Noticing about the necessity of help in next crop season.
- Assessing the necessity in changing the program of Farm Business School.

Practice 1: Assessing the process

- If you were being trained, which method would you like to study most?
- How does FBS change your work?
- What are the total effects of FBS on your farm profits?
- What do others talk about this program?

Main steps in making profit in farm business



Practice 2: Assessing the Benefits of the Farm enterprise business school

- What were the farm business methods you learned about in the FBS?
- Which farm business methods do you now use, and what effect do you think they have had on your farm profit?
- What difficulties have you experienced in applying methods learnt in the training program?
- How often do you attend trade activities after taking FBS?
- To what extent have you engaged in more commercial farming operations since the training program?
- How has the training you have received influenced the crops you now grow and livestock you raise?
- Did you may make any changes to the production methods that you use? Please describe these.
- How do you think you performed compared with other farmers in your district who did not participate in the FBS training?

Notes:

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Practice 3: Assessing the Farm Business School

- How could you rank the farm business methods you were taught in terms of their importance to your farming operations?
- Were these methods hard to understand and apply? Why?
- How did you find the balance between learning ideas and concepts and learning practical skills?
- How much support have you received from your extension agent of other farmers to help apply the methods learnt?
- What did you think about a part of program you practiced that including the problems and topic you need?
- Is there any course for you outside FBS? If so, what kind of training?
- What do you think about approaches used to develop the Farm Business Plan?
- What do you think about the way implementation part of program was run? Did it cover problems and topics when you needed them to be covered?
- What suggestions do you have to improve the FBS program?

Notes:

Meeting 33: Assessing the Performance of the Business Plan
Aims:
- Review all the Farm business activities at the end of production.
 Practice using farm record as a effectively assessment.
 Assessing the performance of the business plan.
Practice 1: I achieved my goal
Notes:

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Practice 2: How can I make a good Farm business plan?

My production plan	
Things I should do again	Things I should do differently

Notes:

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Practice 3: Check material sources and inputs

Material sources and inputs	
Things I should do again	Things I should do differently

Notes:

Practice 4: Checking again working plan

Working plan	
Things I should do again	Things I should do differently

Notes:	

Practice 5: Check again the marketing planMarket

Market	
Things I should do again	Things I should do differently

Notes:

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Practice 6: Checking again the profit

Profit	
Things I should do again	Things I should do differently

Notes:

Practice 7: Checking again available money and finance sources

Available money	
Things I should do again	Things I should do differently

Notes:	

Practice 8: Checking risks

Risks	
Things I should do again	Things I should do differently

Notes:

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Practice 9: Checking keeping records

Notes:

Meeting 34: Choosing Farm Enterprises for the Next Season

Aims:

- Understanding the necessary aspects when choosing farm enterprise.
- Choosing activities for Farm Business plans.
- Making chances for farmers in studying how to assess profitability and choose farm enterprise.
- Knowing the usefulness and applying collected data in cropping season.

Frequent questions:

- Which sources, inputs and labors are necessary for Farm enterprise?
- What make profit in farm enterprise?
- Which activities are in their farm business plan?

Practice 1: Initially choosing farm business activities

Notes:

..... Practice 2: Making a budget for each enterprise Notes: **Practice 3:** Assessing possible technique Notes:

..... **Practice 4:** Assessing material requirements Notes: Practice 5: Labor requirements for farm business activities Notes: Practice 6: The last choice for Farm Business activities

Notes:

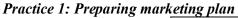
Meeting 35: Preparing marketing plan

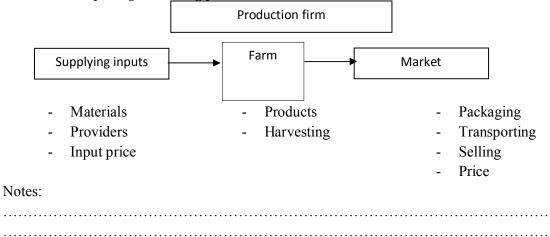
Aims:

- Improving knowledge about concepts of marketing for chosen products.
- Collecting data from market so that farmers can prepare budget for farm business.
- Completing marketing plan for each farm enterprise using collected information from market-survey.
- Calculating marketing price.

Frequent questions:

- What is marketing plan?
- How to organize marketing data orderly?





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Meeting 36: Building Marketing Strategy

Aims:

- Completing marketing strategy for each farm enterprise by using information from market survey.

Practice 1: Reporting market survey

Notes:

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Meeting 37: Making Producing plan and Accessing the Profit

Aims:

- Confirming that choosing and planning for Farm business completed.

- Choosing farm business may change after the market survey.

Frequent questions:

- What is my last decision about farm business? What will I produce in next season?
- Which new information did I get from market survey? Does this change my decision about farm business?

Practice 1: Checking choosing farm business and making producing plan Notes:

Assessing Farm Profit

Aims:

- Preparing budget for farm in cropping season.
- Understanding farm profit.

Frequent question:

- How can I calculate farm profit?

Practice 1: Checking fixed cost

Notes:

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Practice 2: Depreciation

Notes:

Practice 3: Calculating Farm profit

Farm activities	business	Land size (ha)	Farm (VND/ha)	profit	Total profit (VND)
Notes:					
Notes:					

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Meeting 38: Preparing Business plan

Aims:

- Enhancing the usefulness of farm business plan.
- Teaching farmers again how to prepare a farm business plan.
- Making farm business plan for next season.

Main question:

- Am I ready for the next season?
- *Practice 1: Understanding about farm business plan* Notes:

..... **Practice 2: Preparing Farm business plan** Notes: **Practice 3: Basic information** Notes: **Practice 4: Producing plan** Notes:

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Practice 5: Marketing plan

Notes:

Practice 6: Profit

Notes:

Practice 7: Cash flow
Notes:
Practice 8: Cash availability
Notes:
Practice 9: Risks
Notes:

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Meeting 39: Making plan

Aims:

- Making an action to do farm business plan and improve its vision.

Practice 1: Writing an action plan

Action	Duration	Start date	Responsibility

Notes:

Ideas for a way forward

Aims:

- Making next action plan.
- Completing FBS and receiving certification.

Frequent questions:

- How do farmers apply effectively farm business plan?
- How can you transfer the learning to other farmers in your area?
- What help do you need next?

Practice 1: Decide next actions

- Each group will discuss the things they can do to continue learning about farm business management after graduating from the FBS program and how they do to improve their farm. They must list things they will do.
- Each group will discuss in detail so that all members can know what they have and how they do. Encouraging groups to determine next actions, giving specific goals base on general plan. Encouraging them to give their own actions.
- Each group must have a presentation about their actions. It must be short. One or two person will present, and they should spend time for asking at the end.
- Encouraging discussion about some problems: are there reality actions? Are there any actions for individual? Are there any actions for all group?

Notes:

Practice 2: Preparing a plan

- Each group collects their above actions and makes them into an action plan. The plan will explain each action, expected result and who is responsible for it. Suggesting each group using cropping season calendar to make it easy to understand. Explaining that they must discuss each action in detail.
- Each group must have a presentation about their actions. It must be short. One or two person will present.
- Encouraging discussion: what are reality actions? Are they related to individuals or group?

Notes:

Practice 3: Opening more FBS

Requiring each group discusses the following questions:

- What can we do to continue learning FBS after graduating from FBS program?
- How can we apply what we learnt to other business?
- How can we help farmers to understand farm business management?
- Can we become supporters? To whom can we train?
- Can we learn other references?
- Can we open other similar schools?

Notes:

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