

Unit A: Introduction

Lesson 1: Understanding Agriculture Management

Student Learning Objectives:

Instruction in this lesson should result in students achieving the following objectives:

1. Describe the three general organizational business structures.
2. Explain business management and its major areas.
3. Explain business mission and goals.

Recommended Teaching Time: 1 hours

Recommended Resources: The following resources may be useful in teaching this lesson:

- Gibson, Jerry D., et al. *Agribusiness Management, Marketing, Human Resources Development, Communication, and Technology*. Danville, Illinois: Interstate Publishers, Inc., 2001. (Textbook, Chapters 6 and 7)
- Hamilton, William H., et al. *Agribusiness: An Entrepreneurial Approach*. Albany, New York: Delmar Publishers, Inc., 1992. (Textbook, Chapter 1)
- Decisions & Dollars*. Alexandria, Virginia: The Council for Agricultural Education, 1993. (Curriculum Binder)
- Miller, Donald S., et al. *Fundamentals of Management: A Framework for Excellence*. St. Paul, Minnesota: West Publishing Company, 1996. (Textbook, Chapter 1)
- Newman, Michael E. and Walter J. Wills. *Agribusiness Management and Entrepreneurship*. Danville, Illinois: Interstate Publishers, Inc., 1994. (Textbook, Chapter 1)

List of Equipment, Tools, Supplies, and Facilities:

- Writing surface
- PowerPoint Projector
- PowerPoint Slides
- Transparency Masters
- Copies of student worksheets

Terms: The following terms are presented in this lesson (shown in bold italics and on PowerPoint Slide 2):

- Business management
- Capitalism
- Controlling
- Corporation
- Directing
- Limited liability
- Mission
- Organizing
- Partnership
- Planning
- Sole proprietorship
- Staffing
- Stockholders

Interest Approach:

Provide the students with a name of businesses in your community. Try to come up with examples of a sole proprietorship, partnership, and corporation. Ask students to consider who the boss of each business is. What common duties do each of these bosses share? What are the differences in their responsibilities? Use the discussion to lead into the first objective.

SUMMARY OF CONTENT AND TEACHING STRATEGIES

Objective 1: Describe the three general organizational business structures.

Anticipated Problem: What are the three basic ways of organizing a business?

(PowerPoint Slides 3 and 4)

- I. Some communities operate under a capitalist system. **Capitalism** refers to an economic system in which all or most of the production and distribution facilities are privately owned and operated for a profit. In a capitalist system, there are three generally recognized structures for business.

(PowerPoint Slide 5)

- A. A **sole proprietorship** is a business owned by one person who makes the decisions. Although the business is owned by one person, it can have multiple employees. All of the liabilities of the business are the responsibility of the proprietor.

(PowerPoint Slides 6 and 7)

- B. A **partnership** is a business that is owned by two or more people. Partnerships usually involve written agreements that specify what percent of the business each person owns, their individual responsibilities, and how decisions will be made. All of the liabilities of the business are the responsibility of the partners.

(PowerPoint Slides 8 and 9)

- C. A **corporation** is a business that is treated as a single entity but is owned by a group of people. The owners of a corporation are referred to as **stockholders**. Corporations provide limited liability. **Limited liability** means that stockholders are not personally responsible for the debts of the corporation.

Display TM: 1-1 to illustrate the three general business structures in a capitalist system. Use class discussion to determine if any items need further emphasis.

Objective 2: Explain business management and its major areas.

Anticipated Problem: What is business management? What are the five major areas of business management?

(PowerPoint slides 10, 11, and 12)

II. **Business management** is the responsibility of a person to make decisions, organize resources to implement decisions, monitor the implementation of decisions, and evaluate the effects of decisions on the overall success of the operation. Business management has five major areas of activity.

A. **Planning** is determining what is to be done, where, how, and when it is to be done. It is done on a day-to-day, year-to-year, and long-term basis. Planning involves the following functions:

(PowerPoint Slide 13)

1. Determining the present status of the business.
2. Surveying the environment.
3. Setting objectives.
4. Forecasting future situations.

(PowerPoint Slide 14)

5. Stating necessary actions and resources.
6. Evaluating proposed actions.
7. Revising plans in response to changing conditions.
8. Communicating effectively.

(PowerPoint Slide 15)

B. **Organizing** is the grouping together activities, people, and other resources to carry out the plan. Without proper organization it is difficult to carry out the plan. Organizing involves the following responsibilities.

(PowerPoint Slide 16)

1. Identifying and defining required work.
2. Breaking work into duties.
3. Grouping duties into positions.
4. Defining the requirements of positions in a business.
5. Grouping positions into manageable units or departments.

(PowerPoint Slide 17)

6. Assigning work to be performed, accountability, and authority.
7. Revising and adjusting the organization's duties in response to the changing conditions.
8. Communicating duties and activities throughout the business.

(PowerPoint Slide 18)

C. **Directing** (leading) is providing instruction and guidance to employees. It is primarily involved with the relationship between managers and employees. Directing includes the following responsibilities:

(PowerPoint Slide 19)

1. Communicating and explaining objectives and employees.
2. Assigning standards for performance.
3. Coaching employees to meet performance standards.
4. Rewarding employees based on performance.

(PowerPoint Slide 20)

5. Praising and criticizing in a fair manner.
6. Providing motivation by communicating changes.
7. Revising methods based on necessary changes.
8. Communicating throughout the process.

(PowerPoint Slide 21)

D. **Staffing** is the activities involved with the recruitment, selection, and training of personnel. It is primarily concerned with the flow of work through the business. Staffing involves the following responsibilities:

(PowerPoint Slide 22)

1. Determining human resource needs.
2. Recruiting potential employees.
3. Selecting employees from those recruited.
4. Training and developing employees.
5. Revising the number of employees based on changing conditions of the business.

(PowerPoint Slide 23)

E. **Controlling** is all of the activities that are necessary to insure that the policies of the business are being carried out. It focuses on whether actions taken are meeting expectations. Controlling involves the following responsibilities:

(PowerPoint Slide 24)

1. Establishing standards.
2. Monitoring results and comparing them to standards.
3. Correcting deviations from standards.
4. Revising and adjusting methods based on changes the business experiences.
5. Communicating necessary changes throughout the organization.

Use TM: 1-2 to illustrate the five major areas of business management. Invite a business person from the community to discuss the amount of time he/she devotes to each management area. Use class discussion to determine any areas that require further emphasis.

Objective 3: Explain business mission and goals.

Anticipated Problem: What is a mission? Why should a business establish goals?

(PowerPoint Slides 25 and 26)

III. A **mission** is concise statement of the goals and objectives of a business. It is usually no more than 25 words and states the reason the business exists.

(PowerPoint Slide 27)

- A. The mission statement should include goals and objectives that have the following qualities:
1. Flexibility—goals must be flexible so that they may be changed in response to economic, political, and social situations.

(PowerPoint Slide 28)

2. Quantifiable—goals must be measurable so that the managers can determine if they are being met. Without a way of measuring a goal, there is no reliable way to determine if it is being met.

(PowerPoint Slide 29)

B. Businesses should establish goals for the following reasons:

1. Goals help the business in establishing policies that will determine the direction it takes.
2. Goals provide management with guidelines to operate the business.

(PowerPoint Slide 30)

3. Goals aid managers in decreasing waste and duplication of effort. Most businesses that experience greater inefficiency do not have an established set of goals.

Use TM: 1-3 to illustrate a business mission statement. Follow it up with WS: 1-1 and have students draft a mission statement for the company described in the activity. Follow this up with class discussion. Use questions from students to determine if any topics need further emphasis.

Review/Summary: Focus the review and summary of the lesson around the student learning objectives (**PowerPoint Slide 31**). Call on students to explain the content associated with the objectives.

Application: Application can involve the following student lab sheet:

WS: 1-1 Developing a Mission Statement

Evaluation: Evaluation should focus on student achievement of the objectives for the lesson. Various techniques can be used, such as student performance on the application activity. A sample written test is included.

Answers to Sample Test:

Matching

1. D
2. B
3. C
4. E
5. A

Fill-in-the-blank

1. Corporation
2. Organizing
3. Sole proprietorship
4. Business management

Short Answer

1. Use TM: 1-1 to score.
2. Use TM: 1-2 to score.

Understanding Agriculture Management

Name: _____

Matching: Match each word with the correct definition.

- | | |
|----------------------|----------------|
| a. mission | d. partnership |
| b. limited liability | e. staffing |
| c. capitalism | |

- _____ 1. A business that is owned by two or more individuals.
- _____ 2. Stockholders are not personally responsible for corporation debts.
- _____ 3. An economic system in which all or most of the production and distribution facilities are privately owned and operated for a profit.
- _____ 4. The area of management that involves recruitment, selection, and training of personnel.
- _____ 5. A concise statement of the goals and objectives of a business.

Fill-in-the-blank: Complete the following statements.

1. A _____ is a business owned by a group of people, but treated as a single entity.
2. The area of management that deals with the grouping together of resources is _____.
3. A _____ is a business owned by one person.
4. The responsibility of a person to make decisions, implement plans, and evaluate results is _____.

Short Answer: Answer the following question.

1. What are the three general business structures? What are the differences between each?
2. What are the five major areas on business management? What activities are involved in each area?

THREE BASIC BUSINESS STRUCTURES

1. Sole proprietorship

- ✓ One owner who makes all decisions
- ✓ Can have multiple employees
- ✓ Owner responsible for all liabilities

2. Partnership

- ✓ Owned by two or more people
- ✓ Written agreements usually specify percent of ownership, responsibilities, and decision making process
- ✓ Owners responsible for all liabilities

3. Corporation

- ✓ Owned by stockholders
- ✓ Business is treated as a single entity
- ✓ Stockholders not personally responsible for liabilities of the business

MAJOR AREAS OF BUSINESS MANAGEMENT

1. **Planning**—determining what is to be done, where, how, and when.
2. **Organizing**—grouping together of activities and resources to carry out the plan.
3. **Directing** (leading)—providing guidance and instruction to employees.
4. **Staffing**—activities that involve recruiting, selecting, and training of personnel.
5. **Controlling**—all of the activities that are necessary to insure that the policies of the business are being carried out.

BUSINESS MISSION STATEMENT

Mission—a concise statement (25 words or less) of the goals and objectives of a business.

ACCEPTABLE POULTRY PRODUCTION BUSINESS MISSION STATEMENT

“To produce high quality eggs and meat at a profit for local customers and retail food stores within a 4 kilometer radius of our production facility.

UNACCEPTABLE POULTRY PRODUCTION BUSINESS MISSION STATEMENT

- To make a profit raising poultry.
- To sell poultry to area food stores.
- To sell everything we grow.

WS: 1-1

DEVELOPING MISSION STATEMENTS

Purpose:

To provide experience in developing mission statements for a business.

Instructions:

Divide the students in the class into small groups of two. Have the two students work together to draft a mission statement for one of the businesses listed below. Have each group write a concise statement that communicates the aspects of the business that are important to them and to their customers. Once completed, have the students share their specific business and mission statement with the rest of the class.

Business: (Note: Teacher may add additional local businesses to this list)

Meat Processor

Vegetable Grower

Fruit Grower

Dairy Farmer

Farm Machinery Dealer

Rice Grower

Seed Salesman

Fertilizer Dealer

Feed Processor

Money Lender

Carpet Vendor

Clothing Vendor

Use the space below to draft a mission statement for your business.