National FFA Risk Management Lesson Plans

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Helping farmers & ranchers find success

Better Marketing Planning

Precepts

B. Relationships

B2 – Interact and work with others

N. Decision-Making

N1 – Demonstrate the Decision –making processes

National Standards

NL-ENG.K-12.7 – Evaluating Data
NSS-EC.9-12.2 – Effective Decision Making
NSS-EC.9-12.9 – Competition in the Marketplace

Student Learning Objectives

As a result of this lesson, the student will …

1. Identify the benefits and time covered by a marketing plan
2. Describe the six parts of a marketing plan
3. Utilize a SWOT Analysis in creating a marketing plan

Time

Instruction time for this lesson: 90 minutes

Resources

Gibson, J. D., Usry, R. H., Hass, L. W., Liles, R. T., & Moore, G. E. (2001). *Agribusiness: Management, Marketing, Human Recourse Development, Communication, and Technology*. Danville, IL: Interstate.

South Dakota State University. (2005). *Writing a Commodity Marketing Plan* [Brochure]. Brookings, SD: Author.

United States Department of Agriculture Risk Management Agency. (n.d.). *Better Marketing Planning*. Retrieved October 12, 2008, from United States Department of Agriculture Web Site: http://farm-risk-plans.usda.gov/index.aspx?action=bettermarketing.home

United States Department of Agriculture Risk Management Agency. (1997). *Introduction to Risk Management Understanding Agricultural Risks: Production, Marketing, Financial, Legal and Human Resources* [Brochure]. Washington, D.C.: Author.

Tools, Equipment, and Supplies

State Road Map: One per group of three students
Flip Charts
Overhead Projector
Public Writing Surface
Envelopes
TM.A – one copy

Key Terms

The following terms are presented in this lesson and appear in bold italics:

Marketing Plan	***Break-even price***	***Future Contracts***
Cash Sale	***Forward Contract***	***Cash Flow***
Income statement	***Balance sheet***	

Interest Approach

Welcome! Today we are going to take a trip. However, we first need to decide where in the beautiful state of *(enter state name here)* we would like to visit and what mode of transportation we want to use. We are going to choose our destination and form of transportation as a class.

The teacher will need to facilitate this activity quickly and move on to the next stage. Elicit responses from the students and capture them on a public writing surface. Have the students vote on the location they would like to visit. After the destination has been selected, divide the class into groups of three. Each group will be given a map of the state.

Now that we have selected our destination, working in our groups, When I say "Trip" we will have 10 minutes to draw on the map with a marker the route we will travel to get to our destination. Any questions? Trip!

After the 10 minutes are over, have each group place its map on the wall. Have a represent-tive from each group share their travel plans.

As we look at the maps and the various routes taken by each group, were the routes different? Are some of the routes more direct than others? Was there any frustration between members of your group—some wanting to take a different route? Would it have been possible to travel to *(insert destination)* if we has not mapped out our route? Would another form of transportation have made a difference in the journey?
Elicit responses from the students.

Those were all great responses! We were able to see that regardless of the route that we take or the transportation that we use, the time that we spent was useful to help map out our route. It provides us with accurate directions, helps us to budget for our trip and helps us with the overall planning to get to our destination. Just like we planned out our trip, farmers and ranchers need to take the time to create plans to help make their businesses successful. One such plan is a ***marketing plan***. A ***marketing plan*** helps farmers and ranchers to plan for pricing and selling their commodities, just as our planning helped us to get to our destination. Today, we are going to discover why a ***marketing plan*** is a vital piece to the success of any agribusiness.

Summary of Content and Teaching Strategies

Objective 1. Identify the benefits and time covered by a ***marketing plan***.

Divide the class into groups of five. If the class is larger than 10 students, create multiple sets of flipchart posters. Each poster should have one the following sentences stems written at the top: "A marketing plan is…" and "The purpose of a marketing plan is…"

Each group will elect one person to get a marker for the group. As you rotate the groups to the two posters have the writer switch in each group as well. Allow one to two minutes for students to respond to each poster. Adjust the allowed time as needed. Use the same trigger word each time you want the groups to rotate to the next poster.

Now you have 30 seconds to elect a person in your group to come get a marker for the group. Send them now. *Wait for all groups to have a marker.* The person who has the marker, please hold that marker in the air. Please hand the marker to someone else in the group to be the first recorder.

Each one of these posters that you see around the room has the start of a sentence that you need to complete. As your group rotates to the poster, your group will record an ending to the sentence. There are no wrong answers when recording your thoughts. Rely on your team members to help craft the ending to the sentence

In a moment when you hear the word, "Capture," your group will go to one of the posters on the wall and record your answer. Remember your group is responsible for completing the sentence. There are no wrong answers. What questions do you have? You will have approximately two minutes at each poster. "Capture"

Gallery Walk Activity--Have students write what they know about or define the words written on top of the flipchart paper. Review the sentences that have been captured by the students. To capture the information about marketing plans place TM.A *on the overhead projector and have the students capture the information on the transparency master in their notes.*

Great! It seems that we have some thoughts about what a marketing plan is and what the purpose of a marketing plan is. Please capture the following information in your note.

A ***marketing plan*** is a written document that contains the guidelines for marketing a product or commodity or a series of products or services over a period of time.

The main goal of a *marketing plan* is to help achieve the best possible financial results for a product or commodity for the agribusiness.

I. The development of a ***marketing plan*** possesses three main benefits:

1. Promote analysis – preparing a ***marketing plan*** requires careful and organized thinking about to market a product or service.
2. Build on experience – a ***marketing plan*** helps to make sure that pervious experiences with marketing success or failures are not lost.
3. Communicate – a ***marketing plan*** provides a way to communicate with managers, employees, and lenders about how the goals of an agribusiness will be achieved.

Place TM.B on the overhead projector and review the information with the students.

Depending on the product or commodity that is being marketed the length of time can vary. However, there are some specific factors that will affect the amount of time that a specific ***marketing plan*** will cover.

II. Factors that influence the length of time covered by a ***marketing plan*** are:
1. The rate in which technology is changing in the products history
2. The intensity of completion in the market place
3. Frequent changes in the preferences of the consumer who is expected to purchase the product or commodity covered by the plan.

III. Traditional ***Marketing Plans*** follow the following length guide lines:
1. Cover at least one year worth of time.
2. Do not cover more than three years work of time.

IV. A ***marketing plan*** should be created or updated for the following reasons:
1. To introduce a new product
2. Promote an existing product
3. Changes in the market making the original obsolete
4. To increase utilization of all production

Objective 2. Describe the six parts of a ***marketing plan***.

Use the <u>Little Professor Moment</u> strategy to engage the students' learning and to introduce the following information.

In a moment, when I say “Partner,” you will have 60 seconds to find a partner, take your notebook and writing utensil and move next to your partner. Questions? Partner!

Now that we are in small groups, please have a seat next to your partner and take 30 seconds to decide who will be Professor Marketing and who will be Professor Plan.

Allow the students 30 seconds to move to their seats and select the role they will be playing for this activity.

Ok, Professor Marketing, please raise your hand. Great! And now, who are my Professor Plans? Good!

Professor Marketing, raise your hands again. You have the job of being a very attentive learner. Please take notes in your notebook. Professor Plan, you will ignore the instruction that is going on, but you will need to be quiet.

Okay Professor Marketing, please capture the following information:

Using TM.C *review the information related to the six parts of a basic marketing plan.*

A ***marketing plan*** is a very well organized document that is divided into a series of parts. Each part can be used as a road map to help guide the work that must be completed in each area to achieve the overall success of the ***marketing plan***. A typical ***marketing plan*** consists of six parts.

I. The six parts of a ***marketing plan*** are:

1. Production Level and Risk
2. Financial Situation
3. Price Targets
4. Fundamental Outlook
5. Tool and Strategies
6. Evaluation

Let’s dig a little deeper and explore what information should be included in the production level and risks and financial situations sections of a ***marketing plan***.

Place TM.D *on the overhead projector and review the information with the students.*

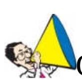
II. Production Level and Risks that should be evaluated are:

1. Identify the amount of the product or commodity you reasonably expect to market.
    a. Number of bushels in storage
    b. Expected bushels from a growing crop
    c. Pounds after a reasonable death loss for livestock enterprises.
2. Types of questions to consideration:
    a. Is storage an alternative for crops?
    b. Is retained ownership possible for livestock?
    c. Is crop insurance relevant? Include product type and coverage level.

III. Financial Situation should include any major financial implications for the plan such as:
1. Complete review of financial statements
    a. ***Balance sheet-*** financial statement of equity for an individual or business at a specific point in time.
    b. ***Income statement-*** a summary of revenues and expenses over a given period of time.
    c. ***Cash Flow-*** receipts and disbursements within the business, determines the cash flow budget.
2. Risk –bearing capacity
    a. Identification of constraints from debt
    b. Personal preferences for taking risks
3. Major financial and business goals
    a. Identify any major goals that have been established for the product or commodity

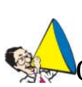
Professor Marketing, it is now your turn to teach Professor Plan the information we have just reviewed. Turn to your partner. You have three minute to teach Professor Plan.

Professor Marketing teaches the information to Professor Plan.

Great job, Professor Marketing! Professor Plan, thank Professor Marketing with a high-five!

Switch roles for the <u>*Little Professor Moment.*</u>

Now, Professor Plan, it is your turn to pay attention and capture the information I will share. Professor Marketing, this is your chance to relax and quietly talk to yourself—in your heads that is.

Okay Professor Plan, we just learned the parts of a ***marketing plan*** as well as the information that should be included in the first two sections. Now let’s explore price targets and

the fundamental outlook sections of the ***marketing plan***. Let's capture this important information in our notebooks.

Place TM.E *on the overhead projector and review the information with the students.*

IV. Price targets help to translate financial goal into prices.

1. Prices should be realistic
    a. Utilize historical data to help formulate decisions
    b. Examine market trends to help establish prices
2. Determine goals based on desired outcomes.
   Consider the following questions when helping to set price goals:
    a. Do you want to get an average price?
    b. Do you want prices to beat the loan rate?
    c. Should prices beat the season average price?
3. Determine an appropriate ***break-even price***
    a. ***Break-even price*** - is the price when the cost or expenses and revenue are equal.
    b. ***Break-even price*** should cover variables and fixed costs.
    c. The ***break-even price*** should serve as a benchmark for your budget.
4. Target areas that should be covered include:
    a. Establish targets to meet the “needs” to cover costs
    b. Targets to cover the “wants” to receive fair returns
    c. Set targets to satisfy “hopes” to give returns ample enough for growth
    d. Develop contingency targets in case prices move lower than desired outcomes.

V. The fundamental outlook helps to take stock of what prices the market offers.

1. It is important to be able to identify and articulate the “knowns” about the markets.
    a. Items that should be included are:
        i. Evaluate forward bids
        ii. Compare crop prices to loan rates
        iii. Evaluate consistent seasonal patterns for the market
        iv. Examine the volatility level and trends
        v. Consider supply and demand within the market place

Professor Plan, thank you for being so attentive. It is now your turn to teach this information to Professor Marketing. You will have three minutes to teach them.

Professor Plan teaches the information to Professor Marketing.

Time’s up! Professor Plan, thank you for taking the time to share your knowledge and teach Professor Marketing that important information a ***marketing plan***.

Switch roles for the <u>Little Professor Moment.</u>

Professor Marketing, it is now your turn to be the learners to gather information so you can teach Professor Plan in a few moments. Professor Plan, relax and quietly review the notes that you have captured so far about a ***marketing plan***.

So, Professor Marketing, we now have some basic knowledge of what a ***marketing plan*** is as well as the important information to include in the document. Let's explore a little more and discover what information is needed to craft the tools and strategies and evaluation portions of the ***marketing plan***.

Place TM.F *on the overhead projector and review the information with the students.*

VI. Tools and strategies can be applied to aid in marketing products and commodities and those used should be included in the marketing plan.

1. Tools and Strategies- Identify a set of feasible tools that you are willing to use. Tools may include the following:
    a. ***Future Contracts***- This is an agreement to buy or sell a commodity of a standardized amount and quality during a specific month in the future, under terms established by the futures exchange, at a price established in the trading pit at the commodity futures exchange.
    b. ***Cash Sales***- This is a form of trade in which goods are sold to a customer and they settle the invoice on the spot and in cash, and carry the goods away themselves.
    c. ***Forward Contracts***- This is an agreement between two parties (such as you and someone who buys your products) that calls for delivery of, and payment for, a specified quality and quantity of a commodity (such as a particular crop) at a specified future date. The price may be agreed upon in advance, or determined by formula at the time of delivery or other point in time.

VII. Evaluation- It is important to make sure that you maintain a history and assess how well the plan worked.

1. Activities that should be included in the evaluation stage include:
    a. Monitoring and measuring sales revenue
    b. Examining the number of units sold
    c. Exploring marketing costs

Professor Marketing, you all were excellent learners. Let's teach Professor Plan. You have three minutes to provide them with a recap the information we just went over.

Professor Marketing teaches the information to Professor Plan.

Great job, Professor Marketing! You did a great job teaching Professor Plan. When I say "Move," you will have 30 seconds to move back to your seats. Questions? Move!

Allow the students time to move back to their original seats.

Objective 3. Utilize a SWOT Analysis in creating a marketing plan.

We have spent the last few moments exploring the basic details regarding the creation of a ***marketing plan***, but you may be wondering, “Now that I know what should go into a plan, how do I make the important decisions to create a realistic plan?” Let’s take the next few moments and discuss ways to help us make those important decisions so we can create a ***marketing plan*** that will make a positive impact.

At the beginning of today’s class we used our state map and had to make a decision as to what route we should take to get to our destination. We know that a ***marketing plan*** is like a road map that helps farmers and ranchers when it comes to planning how they market their products and commodities. One way to help farmers and ranchers make those decisions is to use a SWOT analysis. We have discussed a SWOT analysis earlier. Does anyone remember what SWOT stands for?

Elicit responses from the class.

Great! A SWOT analysis is a tool that allows individuals to evaluate the strengths, weakness, opportunities and threats that need to be explored before a decision is made.

Hide envelopes around the room that contains the SWOT analysis information. Divide the students into groups of three. Have each group use the <u>Go Get It Moment</u> to retrieve information regarding a specific SWOT analysis to help create a marketing plan. Students will need to locate an envelope that contains the results of a SWOT analysis for that is associated to a specific part of a marketing plan. When students are ready to present their information, have a person from each group share the results. This activity should take about 10 minutes to collect the information and 10 minutes to share the results.

We are now going to investigate a scene and get all the information possible to help make the proper decisions to help craft our marketing plan. In a moment when I say “group” you will have 30 seconds to get into groups of three. Questions? Group!

Allow the students an opportunity to get into groups of three.

As a part of our adventure, I have hidden envelopes around the room that contain the pieces of a SWOT analysis the scenario that I just read. When I say “find” you will have 60 seconds to select a person from your group to go locate an envelope and bring it back to the group. What questions are there? Find!

Allow the groups an opportunity to identify a person, locate an envelope and return to their seat.

Great! Now when I say “solve” as a group you will have 10 minutes to read over the cards located in the envelope, and identify which items are the Strength, Weakness, Opportunities, and Threats. Use the information on the SWOT analysis to make an appropriate marketing decision. Once your group has made a decision, use your notes to identify which sections of the ***marketing plan*** your information would logically fit. What questions are there? Solve!

Allow 10 minutes for the students to read over the information cards and make their decisions.

I saw a lot of great problem solving happening, let’s share our results. Please share your group’s SWOT analysis, the decision that was made and where the information would be recorded in the ***marketing plan***.

Allow groups to volunteer who goes first and so on until each group has gone.

Thank you for sharing, we can see that it was much easier to make decisions for our marketing plan with the use of the SWOT Analysis. We were forced to look at all aspects and not just one or two pieces to make realistic decisions for the business in the scenario. This tool should be utilized whenever major or calculated decisions need to made, and is a tool that should be utilized when crafting a marketing plan.

Review/Summary

In order to review today's activities, the students will get into groups of four and participate in a *<u>Karaoke Moment</u>* *that will highlight the need for a* ***marketing plan****, the time a plan should cover as well as the different sections that should be included in the document.*

Today we have been exploring ***marketing plans*** and the positive impact they can have on agricultural business. You will be given five minutes to create a <u>Karaoke Moment</u> that describes what a ***marketing plan*** is, its need, the length of time and the sections that should be included in the plan. At my cue, you need to gather into groups of four and begin.
Ready…set…go!

Time the students for five minutes.

Which group would like to share their <u>Karaoke Moment</u>?

Select a group and continue until each group has had an opportunity to share.

Let's give this group a standing O for sharing.

Have all students stand up and make an O shape with their hands.

Application

Extended classroom activity: Invite a guest speaker to talk about how to create a ***marketing plan*** or how a ***marketing plan*** is being utilized to help market products and commodities.

FFA activity: Have the FFA chapter conduct workshops in the community on the benefits of crafting marketing plans and utilizing SWOT analysis.

SAE activity: Have the students create a SWOT analysis to help make marketing decision within their SAE program.

Evaluation

An assessment is provided to measure the student's knowledge of ***marketing plans****.*

Answers to Test:

1. C
2. F
3. D
4. B
5. E
6. G
7. A
8. Strength, Weakness, Opportunities, Threats (examples will vary)

TM.A

What is a ***Marketing Plan***?

A marketing plan is a written document that contains the guidelines for marketing a product or commodity or a series of products or services over a period of time.

What is the Main Goal of a Marketing Plan?

The main goal of a marketing plan is to help achieve the best possible financial results for a product or commodity for the agribusiness.

The development of a marketing plan possesses three main benefits:

1. Promote analysis – preparing a marketing plan requires careful and organized thinking about to market a product or service.

2. Build on experience – a marketing plan helps to make sure that pervious experiences with marketing success or failures are not lost.

3. Communicate – a marketing plan provides a way to communicate with managers, employees, and lenders about how the goals of an agribusiness will be achieved.

TM.B

Factors that influence the length of time covered by a marketing plan are:

1. the rate in which technology is changing in the products history
2. the intensity of completion in the marketplace
3. Frequent changes in the preferences of the consumer who is expected to purchase the product or commodity covered by the plan.

Traditional Marketing Plans follow the following length guide lines:

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A marketing plan should be created or updated for the following reasons:

1. to introduce a new product
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TM.C

The six parts of a marketing plan are:

1. Production Level and Risk
2. Financial Situation
3. Price Targets
4. Fundamental Outlook
5. Tool and Strategies
6. Evaluation

TM.D

Production Level and Risks that should be evaluated are:

1. Identify the amount of the product or commodity you reasonably expect to market.
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Financial Situation should include any major financial implications for the plan such as:

1. Complete review of financial statements
    a. ***Balance sheet-*** financial statement of equity for an individual or business at a specific point in time.
    b. ***Income statement-*** a summary of revenues and expenses over a given period of time.
    c. ***Cash Flow-*** receipts and disbursements within the business, determines the cash flow budget.
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    a. Identification of constraints from debt
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    a. Identify any major goals that have been established for the product or commodity

TM.E

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TM.F

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Evaluation- It is important to make sure that you maintain a history and assess how well the plan worked.

1. Activities that should be included in the evaluation stage include:
    a. Monitoring and measuring sales revenue
    b. Examining the number of units sold
    c. Exploring marketing costs

SWOT Analysis 1:

Only specialized scouting operation in the county 3,700 acres under contract
No full-time sales person
Expand operations to include planting and harvesting Partner with firm that only plants and harvests crops
Genetically modified corn kills insects Scouting for those pests no longer important

SWOT Analysis 2:

Only landscaping service that also installs hardscape Level of customer service provided is high
All lawn maintenance equipment is rented Labor cost are very high
Expand operations to include a nursery and greenhouse
Other lawn and landscaping service are expanding to offer similar services With a slowing economy customers are cutting back on the amount of services they require

Assessment:

Name: ____

Directions: Match the word with the correct definition:

1. Marketing Plan

2. Balance sheet

3. Income statement

4. Cash Flow

5. Future Contract

6. Cash Sales

7. Forward Contracts

A. This is an agreement between two parties (such as you and someone who buys your products) that calls for delivery of, and payment for, a specified quality and quantity of a commodity (such as a particular crop) at a specified future date. The price may be agreed upon in advance, or determined by formula at the time of delivery or other point in time.

B. receipts and disbursements within the business, determines the cash flow budget.

C. a written document that contains the guidelines for marketing a product or commodity or a series of products or services over a period of time.

D. a summary of revenues and expenses over a given period of time.

E. This is an agreement to buy or sell a commodity of a standardized amount and quality during a specific month in the future, under terms established by the futures exchange, at a price established in the trading pit at the commodity futures exchange.

F. financial statement of equity for an individual or business at a specific point in time.

G. This is a form of trade in which goods are sold to a customer and they settle the invoice on the spot and in cash, and carry the goods away themselves.

8. What does SWOT stand for and identify an example for each?