

## Risk Management Resources on the Internet

by

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*Managing the risks inherent to agriculture is critical to financial success.*

*Risk management concerns reducing the costs of risk.*

*A plethora of resources are available to help managers better understand risk, become familiar with personal risk attitudes, assess appropriate levels of risk, obtain useful information, and decide what and how to implement risk management strategies.*

Every business operates within an environment of risk. Risk involves the uncertainty that an adverse event will occur. On a farm or ranch, risk is the possibility that animals will die or lose weight, there will be too little or too much precipitation, market prices will fall, an employee will quit working, or infinitely many other “bad” things will occur leading to a financial loss for the business.

Risk management concerns reducing the costs of risk. The old adage “nothing ventured, nothing gained” is applicable to every action in life and in business. But, is the risk appropriate for the amount that can be gained?

Managers (or management teams) must decide how much risk the business can tolerate and continue to exist for the long term – or allow the business to continue striving towards desired goals and objectives. Farm and ranch managers decide what actions should be taken to either decrease the uncertainty of a risk occurring or reduce the potential financial loss if a risk does occur.

A plethora of resources are available to help farm and ranch managers better understand risk, become more familiar with their personal risk attitudes, assess the appropriate level of risks for their businesses, obtain information useful for good decision making, and decide what and how to implement risk management strategies. Workshop presentations, databases, books, resource guides, computer program templates, and personal contact with agricultural economists can be obtained – usually at no or minimal cost – from Cooperative Extension Services.

There are several internet web sites that provide risk management educational resources and decision aids. The United States Department of Agriculture and its various agencies (such as the Risk Management Agency) and almost every land

grant university have a growing number of educational materials, decision aids, and information available to the public.

This article identifies a few web sites most appropriate to risk management issues faced by managers of western farms and ranches. It is important to remember that web site addresses and their contents are quite dynamic – they often change without notification and no forwarding address.

### **Western Risk Management Library**

The Western Risk Management Library is a great source of risk management resources applicable to western farms and ranches. As of August 2004, the site hosts more than 677 articles, fact sheets, and presentations on managing risk in western agricultural operations. The resources are organized into 42 subcategories for the five main sources of risk: production, market, financial, legal, and human. A section for “recent additions” allows web site visitors to

easily review articles newly added to the vast list of resources. A “special features” section lists articles and presentations introducing management of the five types of risk.

#### **Western Risk Management Library**

<http://agecon.uwyo.edu/RiskMgt>

- Green menu buttons are located on the left side of every page.
- Menu buttons listing risk categories are located on every page.
- [Left click] on a button to view a list of articles and other resources applicable to that type of risk.
- [Left click] on the resource title to view the document, presentation, and/or decision tool.

This web site also serves as a means for Western Farm Management Extension Committee members to share risk management resources -- articles, workshop materials, hand outs, popular press articles, teaching materials, electronic slides/overheads, software, etc. This feature allows greater use of information by farm and ranch managers and leverages agricultural economists’ time and financial resources.

Visitors can easily maneuver around this web site. The main menu is always located on the left side of the screen, regardless of the page. A left mouse click on one of the large menu buttons will bring up a list of articles and other resources appropriate to the title shown on the button. Another mouse click on the document title will allow the user to view the resource.

### **Risk and Resilience in Agriculture**

The Risk and Resilience in Agriculture materials are designed with the purpose of helping agricultural producers develop individual and family strategies to best deal with today’s agricultural business environment. The key feature of the *Risk and Resilience in Agriculture* program is its provision of tools for agricultural managers and families to assess their risk

#### **Risk and Resilience in Agriculture –**

<http://agecon.uwyo.edu/RnRinAg/>

- Scroll down the page to view a table of contents. Articles are categorized according to risk category.
- [Left click] on the title of the desired article to open it using Adobe Reader or Adobe Acrobat.

or resilience within production, marketing, financial, legal and human resources. Once an assessment is completed, action items can be planned out and implemented to move the operation to resiliency in today's business environment.

Visitors to this web site can download the resource materials found in the 3-ring binder available from agricultural economists at Colorado State University, Montana State University, and the University of Wyoming. A table of contents lists the articles according to risk category. There is a final section containing articles pertaining to "putting it all together." A left mouse click on the desired title will open the article using Adobe Reader or Adobe Acrobat.

### **RightRisk<sub>TM</sub>**

RightRisk<sub>TM</sub> is an innovative risk research and education program to help farmers and ranchers understand and explore risk management decisions and evaluate the effects of those decisions. The RightRisk<sub>TM</sub> Education Team, a group of agricultural economists from western states, provides educational workshops and support resources pertaining to risk management. A primary educational aspect of the workshops is a risk simulation game called RightRisk<sub>TM</sub>. Participants manage a farm or ranch in which they make decisions as to the appropriate levels of risks for their business and personal goals.

#### **RightRisk<sub>TM</sub>**

<http://www.RightRisk.org>

- Menu items are located horizontally across the page just below the page heading.
- [Left click] on any of the words (home, schedule, resources, etc.) to go to the desired web site location.
- Scroll down the page using the web browser's scroll bar usually found on the right side of the screen. Active links and resources available at the web site are a different color. Left mouse clicking on the applicable word will display the desired page or web site.

This web site is designed primarily in support of the educational program RightRisk<sub>TM</sub>. Visitors to this web site can see dates and locations of up coming educational programs. People having participated in a RightRisk<sub>TM</sub> workshop can continue to investigate alternative risk management strategies by playing RightRisk<sub>TM</sub> on-line. Additionally, visitors can download a number of publications directly from the website or use the site as a gateway to other risk management sites containing a broader array of resources. The on-line information and educational workshops focus on risk management issues most appropriate to western farms and ranches.

The "resources" section of this web site provides a list of links to other valuable risk management web sites. A visitor need only left mouse click on the logo to go directly to the desired web site. Additionally, a limited number of RightRisk<sub>TM</sub> presentations can be seen by left mouse clicking on the words "RightRisk<sub>TM</sub> Presentations" found at the bottom of the resources page.

### **Ag Help Wanted**

This internet site is a web companion to the award winning book entitled *AgHelpWanted: Guidelines for Managing Agricultural Labor*. It is a complete source of resource materials and links to other web sites for any person who currently manages or expects to manage human resources on farms, ranches, nurseries, dairies, and other agricultural operations. Visitors can 1) learn about the book, 2) place an order for the

book or CD, 3) view contents of the book online, 4) find a specific link or document the book mentions, 5) see video clips and other support links, and 6) view the index of book content.

The book and web site are sources of ideas for improving management policies or practices, an occasional reference in coping with problems that arise, or a base for systematic study of human resource management in agriculture. It presents principles, practical examples, regulatory considerations, and leads to more references that all help equip managers to make choices that are reasonable, legal, and ultimately effective for both their businesses and the people they employ. The tremendous quantity of materials and information available on this web site forces visitors to maneuver through multiple menus. However, the site is designed for smooth and logical exploration of available resources and/or to go to other applicable web sites.

A nice feature of this web site is that video clips pertaining to various human resource management issues can be downloaded. The video adds another dimension to better understanding the dynamics of employer/employee relationships.

The opening page of this web site provides a list of actions and links to other web sites. A left mouse click on any action will open a subsequent web page containing additional choices. A second mouse click on any option will either open the article or bring up another menu of options. On pages other than the opening page, a main menu is located in the upper left hand corner of the screen (usually a brownish color). By left mouse clicking on one of the main menu items, the user will go to the appropriate page of the web site. This web site also allows the visitor to learn about the authors and to go to their personal web sites for more information.

### **National Ag Risk Education Library**

The National Ag Risk Education Library contains an ever-growing list of articles pertaining to risk management. The library also provides links to databases developed from financial data of farms and ranches across the nation.

The tremendous number of resources available at this site causes it to be cumbersome. Visitors interested in information applicable to western farms and ranches must scroll through many titles in their searches for appropriate articles. However, the power of this web site becomes evident by using either the custom search or the search by topic options.

### **Ag Help Wanted**

<http://www.aghelpwanted.org>

- [Left click] on any of the text menu items to go to a second page of menu options.
- A menu of options is located in the upper left side of each page following the front page.
- [Left click] on a menu item to open either the article or bring up another menu of options.

### **National Ag Risk Education Library**

<http://www.agrisk.umn.edu/>

- [Left click] on the words “Ag Risk Library” located on the left side of the screen.
- [Left click] on one of the topics listed to view the documents available. A left click on one of the risk categories found in the blue colored bar across the top of the page takes the cursor to that section of the table of contents.
- [Left click] to open the desired document.

Visitors may see the table of contents at this web site by left mouse clicking on the words “ag risk library” located on the left side of the screen. The second page contains a table of contents and shows the number of documents available within that category. A left mouse click will take the visitor to the list of available documents. Another left mouse click will open the document. Also, a blue bar at the top of the table of contents contains a list of the five risk categories. The web site visitor may left mouse click on any category to view the documents available pertinent to that category of risk.

### **USDA Risk Management Agency**

The Risk Management Agency web site contains limited educational materials. The primary focus of the site is to disseminate information pertaining to crop insurance regulations. The few educational articles describe the various crop insurance programs available to farmers and ranchers. Furthermore, they are located amongst the many bulletins and fact sheets providing details about insurance rules and regulations.

#### **USDA/RMA**

<http://www.rma.usda.gov/>

- [Left click] on the word “publications” found on the menu located on the left side of the screen.
- Scroll down the text list of additional text menu choices, links, and/or available documents.
- [Left click] on “Fact Sheets” to view a text list of available documents.
- [Left click] on the document title to open it using Adobe Reader or Adobe Acrobat.

Visitors to this web site can make a selection from the list of items found on the left side of the screen. The list of publications can be found by mouse clicking on the publication titles located about halfway down the list of items. Left mouse clicking on the document title will open the document. In some cases, the visitor must left mouse click on the term “PDF” or “HTML” to open the document in the desired format.

### **Universities**

Most land grant universities have faculty and Cooperative Extension agricultural economists working in the area of risk management. These experts provide educational and informational resources to farmers and ranchers. The resources are usually available on the university, cooperative extension, departmental, and/or individual web sites. There are also a number of personal and/or collaborative web sites (e.g. Montana’s Agricultural Marketing Policy Center at [ampc.montana.edu](http://ampc.montana.edu)). An easy way to access these web sites is by viewing “state information” at the Western Farm Management Extension Committee web site (<http://agecon.uwyo.edu/WFMEC/>).

### **Summary**

Managing the risks inherent to agriculture is critical to financial success. Farm and ranch managers must determine the appropriate amount of risk for their businesses given personal risk preferences, the financial position of the business, and the rewards for bearing the risks. There are myriad resources pertaining to risk management. Generally, the resources are available on the internet. A few web sites have been identified which contain risk management articles, presentations, decisions aids, and other resources most applicable to western farms and ranches.