

Farm Credit HORIZONS Project - Planning for a Changing World

IN THE FALL ISSUE OF *FARMing with Family and Friends* we informed you of the Farm Credit System HORIZONS Project. The HORIZONS Project is a comprehensive research and market assessment that examines agriculture and rural America and analyzes trends for the future. The project acknowledges that agriculture is facing both a rapidly changing global marketplace and structural change. American farmers, ranchers and rural entrepreneurs need reliable access to a broad range of financial services and expertise in order to capitalize on emerging growth opportunities.

The HORIZONS Project Final Report: 21st Century Rural America - New Horizons for U. S. Agriculture was introduced in January at the annual meeting of the Farm Credit Council. According to Glen Manchester, CEO, Farm Credit Services of Western Arkansas, the report identifies multiple key findings about the future of agriculture and rural America. It describes how these findings need to drive policy solutions that will help farmers, rural businesses and rural communities succeed in the emerging marketplace.

Manchester goes on to add, "The project helps identify how incremental changes to the Farm Credit System can provide agriculture and rural America greater access to additional

capital that can be used to expand agriculture's contribution to rural prosperity. The Farm Credit System's Congressionally-mandated mission is to make credit available for farmers and ranchers, their cooperatives, rural residences and to businesses in which farming operations are dependent."

tors conference.

The HORIZONS project research showed how globalization and technological advances continue to drive change in the food system and in rural communities, which are increasingly dependent on nonagricultural and non-traditional industries. In addition, interdependence among farmers and farmer-owned businesses



Farm Credit

Horizons

Advancing Our Commitment to Rural America

HORIZONS Key Findings

The leadership of the Farm Credit System commissioned the HORIZONS project study. This involved both Farm Credit associations and System banks. Also, key agricultural and rural policy experts prepared reports about the dynamics of rural America and agricultural markets, producers, suppliers and related businesses. More than 100 Farm Credit System employees participated on seven task forces, and 125 influential groups and individuals outside Farm Credit were consulted. Finally, more than 750 local FCS members, directors and members of management reviewed and discussed the findings and recommendations at four regional meetings and at the annual Farm Credit National Direc-

continues to grow. In short, access to capital to meet these needs will remain critical as agriculture and rural America continue to grow and change in the future.

The key finding of HORIZONS is that changes in agriculture and rural America demand novel financial solutions and strategies for a marketplace that is more diverse, complex, and consumer-driven than ever before. Here is a brief look at what the research revealed:

1. There is tremendous diversity in size, annual revenue, ownership structure and marketing approaches, as well as in the age, ethnicity and gender of the owners and operators of today's farms.

2. Farmers are diversifying their business interests both within and



CEO Glenn Manchester

outside of agriculture. The overwhelming majority of all farmers, but especially small-sized operations, rely on off-farm employment to stay in agriculture.

3. Farmers depend on a wide range of businesses that may or may not be owned by farmers, and they may or may not be located in a rural community, but all are essential to the economic viability and quality of life for farmers.

4. While the number of farmers, the jobs in agriculture and agriculturally related industries, and the number of counties and communities that rely on agriculture for their economic well being have all declined, the future of U.S. agriculture remains bright. Future possibilities are expanding, not contracting.

5. It is becoming increasingly difficult to define a "rural" community solely by population or traditional qualities.

6. Regional collaboration, public-private partnerships and coalitions of investors are key to the future of many rural communities. To create new jobs, attract new business and foster an environment for future economic development, agriculture and rural America will need to find new ways to reinvest farm real estate equity.

7. As skilled, experienced and innovative business owners, today's rural entrepreneurs, including farmers, ranchers and producers alike, will continue to need access to capital, essential infrastructure and business support services for that entrepreneurial engine to continue to spur

rural economic growth.

8. The diverse farms, rural businesses and rural communities of the 21st Century need ongoing access to dependable, flexible and competitive financial products and services to compete and thrive in this global and rapidly changing environment.

You can see the final HORIZONS report at www.FCHorizons.com.

HORIZONS Seeks Change

To meet the demands of this evolving economy, Farm Credit institutions currently offer a range of financial solutions and programs to benefit all types of agricultural producers, including young, beginning and small farmers, the businesses they rely on, new markets, and the rural infrastructure that supports them all. However, as the research makes clear, rural America cannot fully benefit from Farm Credit's financial strength and expertise because of limitations on the System's authorities.

According to Bill Mainer, long-time FCS of Western Arkansas director, "Almost every aspect of rural America has undergone dramatic change in the years since the Farm Credit System was established. Today's agricultural market is more diverse, more complex and more consumer-driven than ever before. Recognizing this, the System undertook the HORIZONS project – a forward-looking planning initiative that will help the Farm Credit System meet the changing needs of U.S. agriculture and rural America."

Mainer also serves as a member of the AgriBank Farm Credit Bank District Board and is one of those directors who saw the HORIZONS project take flight. Bill has also served as national director for Farmer Mac and the Farm Credit Council. Mainer has a unique perspective; he has been an FCS member since 1962. He has been a director for FCS of Western Arkansas since 1983. However, he also served as a System employee for Westark PCA, beginning in the early 1960's and later as president of the Central Arkansas Production Credit Association until 1973. In fact, it was during his tenure in 1971 when some of the last major lending authorities

and reforms were granted to the Farm Credit System.

From his days as employee to his current service as a director in the board room, Mainer has seen the Farm Credit system endure, survive and thrive. Given Bill's tenure and familiarity with the System for the past 30 years, we've asked him to provide some additional insights regarding the HORIZONS PROJECT and discuss some of its key findings.

A changing agriculture and rural America are themes running through the HORIZONS project and thus driving the need for changes in the Farm Credit System.

What will it take to achieve the changes that the HORIZONS report is talking about?

The HORIZONS project's reason for being is really very simple and straight-forward: It's about the

customer. This system initiative is the result of several months of extensive research, data collection, and analysis from a wide array of resources, including System experts and other leaders in agriculture, rural communities and business, academia, policy and government. For 90 years, the customer-owned FCS has been a vital part of improving the quality of life on the farm and in rural America. We understand that marketplace, and the changes that have taken place over the years. In order to be a positive influence in helping rural America achieve its full potential, the system must also undergo changes as well. The total support of all system owners and their friends is essential if we are to be successful with the HORIZONS project.

Should Farm Credit's traditional customers be concerned about the System diluting its focus on ag-

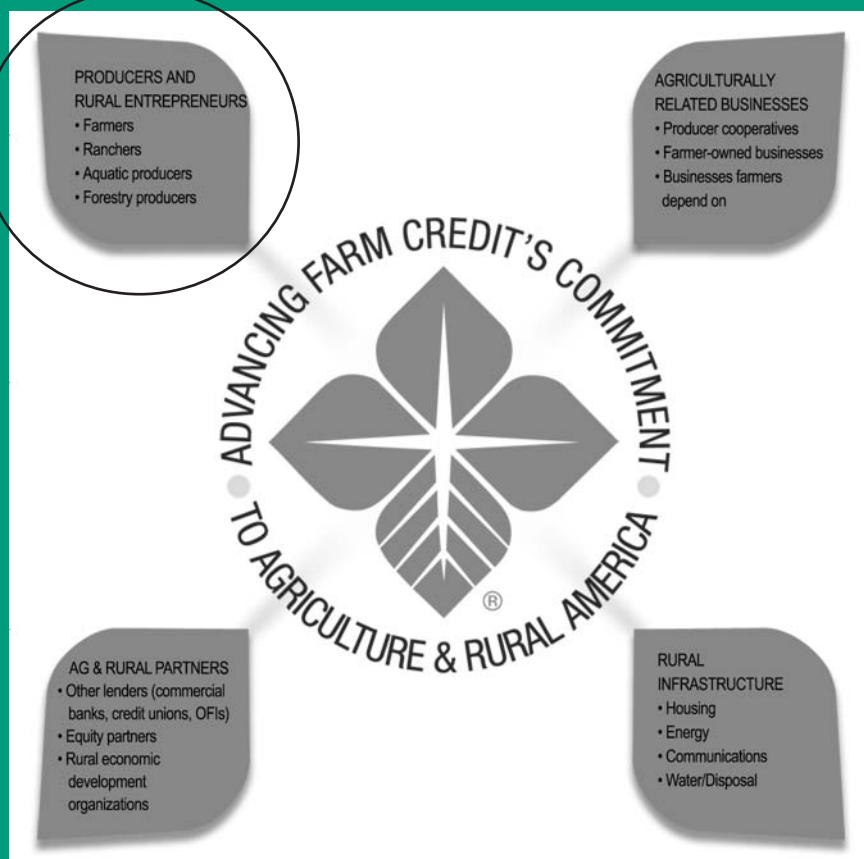
riculture so that it can serve new markets?

Not at all! In fact, the addition of new market opportunities should improve the overall institution's performance through greater diversity and wider service options.

Why should FCS Western Arkansas members get involved?

As mentioned previously, the success of HORIZONS will be dependant upon those of us who live, work, and raise our families in rural America, AND on our friends as well. The support of stake-holder groups such as commodity organizations and other ag-related businesses will be vital as we move forward, and we must make every effort to enlist their aid. I believe our member/owners should be involved for a very simple reason: It's about the customer. Not only the

Producers and Rural Entrepreneurs





Director Bill Mainer

current customer but for the next generation as well. I hope you will share in the excitement by being a part of these positive changes in the Farm Credit System.

Next Steps

As rural America's customer-owned partners, the institutions that make up the Farm Credit System are currently reviewing the HORIZONS findings and proposing recommendations in order to first develop a consensus within the System about what changes are required to ensure that Farm Credit can effectively and efficiently serve rural America, and second, to take action to ensure that Farm Credit is able to continue its historic mission to serve agriculture and rural America.

It is important to point out that

our HORIZONS initiative aims not only to foster consensus within the System, but also to move forward in a spirit of cooperation with those who are not part of the System but who have a vital interest in issues affecting agriculture and rural America. In providing capital to rural America, Farm Credit may be the largest lender, but it is certainly not the only lender, and we will seek to build bridges of support and understanding between the many stakeholders who also share our vision of success for U.S. agriculture and rural communities. We will seek to unite rather than divide.

After all, our System is owned by the agricultural producers themselves. Not only their businesses, but the communities they call home, are the focus of the HORIZONS initiative.

As Farm Credit members you will receive additional information, including a brochure and response card asking for your support for the HORIZONS project. In the coming months and throughout 2006, Farm Credit Services of Western Arkansas will participate in a public policy advocacy campaign to bring about the changes that will bring benefits to our customers.

Obviously, it will take time and a concerted effort to bring about the needed changes identified by the HORIZONS initiative. Farmers and ranchers will need to have their support heard along with that of other groups having an interest in a strong agriculture sector and vibrant rural America if these changes are to be achieved.

Story and photos Tom Cox

Bill Mainer
Franklin County
FCS Member ___ years
FCS Board Member ___ years

Bill and wife Peggy live near Branch, Arkansas and operate a 275 acre beef and poultry farm with their son. They have two children and three grandchildren.

In addition to serving as a FCS Western Arkansas board member, Bill is a director and former chairman of AgriBank Farm Credit Bank, Saint Paul, Minnesota. He is also a member of the County Line High School FFA Advisory Board. Bill enjoys coaching little league baseball at County Line and enjoys watching his grandchildren compete in sports. The Mainer's are members of the Coles Chapel United Methodist Church where Bill serves as chairman of the Administrative Board and the Finance Committee.

For more information on the HORIZONS project, please visit with your local loan officer about HORIZONS. We also encourage you to visit the HORIZONS Web site at www.FCHorizons.com.