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FOOD AND RESOURCE ECONOMICS DEPARTMENT

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## HAPPY 2006!

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## Four-Year Winning Streak

GAINESVILLE, Fla. — For the fourth consecutive year, a University of Florida team of students has won the annual North American Academic Quiz Bowl competition at the national meeting of the American Agricultural Economics Association.

The undergraduate team from the food and resource economics department in UF's College of Agricultural and Life Sciences has won the national competition five times during the past six years. At the July 24-27 AAEA meeting in Providence, R.I., the UF team also won the Outstanding Chapter Award, presented by the national organization in recognition of the best student chapter in the nation.

Students in UF/IFAS Food and Resource Economics Department Win National AAEA "Quiz Bowl" Competition

Students on UF's winning team are Dusty Bass, a senior from Williston, Fla.; Kevin Johnson, a senior from Tampa; and David Ortega, a senior from Maracaibo, Venezuela.

James Sterns, an assistant professor with UF's Institute of Food and Agricultural Sciences and faculty advisor to the students, said the 2005 double-elimination tournament involved 31 teams, with students participating from 18 schools in the United States and Canada. He said the championship UF team, competing in a 32-team bracket,

won six consecutive games, never losing a round during the tournament. The competition is similar in format to the "Jeopardy" television game show, he said. "The Quiz Bowl contest allows un-



## UF offers New Exchange Program with China

UF students soon will have new opportunities to study in the People's Republic of China. Officials at Southwest University in Beibei (near Chongqing) recently signed a Memorandum of Understanding for a Reciprocal Student Exchange Program between the University of Florida and Southwest University. Students who are selected to participate in the exchange program will spend two semesters at Southwest University while earning course credit at UF. Students who do not already speak Chinese will begin to learn the language as a part of their course work while at Southwest University.

Besides the new student exchange program, UF and Southwest University have entered into a Cooperative Agreement to encourage cooperation and collaboration among faculty of the two universities. The new agreements for student and faculty exchange are an outgrowth of a nine-week visit to Southwest University's College of Economics and Management by IFAS professor, Dr. Roy Carriker. As a visiting professor, Dr. Carriker taught a graduate course in natural resource economics and, at the request of the host university, presented seminars on "Higher Education in the United States." Dr. Carriker will serve as UF's Program Manager for the new cooperative programs.

Southwest University was formed by the recent merger of Southwest Normal University and Southwest Agricultural University. It is located at Beibei, which is situated near the headwaters of the Yangtze River. The terrain of this region of China is quite mountainous, but the climate resembles that of north-central Florida. Although the structure of Chinese agriculture is quite different from that of Florida agriculture, there are some similarities in the mix of crops that are produced.

## An Internet-Based System for Financial Benchmark Analysis of Wholesale Nurseries

ALAN W. HODGES AND JOHN J. HAYDU

Financial benchmark analysis is a widely used technique for evaluating the performance of individual businesses in relation to industry standards. The approach typically involves use of indicators or benchmarks that reflect the key practices in a specific type of business and often in a particular region. Benchmark analysis can be used by managers as a guide for important business decisions such as expansions, financing, marketing, operations planning, and human resource management. It enables managers to identify the strengths and weaknesses of a company, in order to capitalize on its advantages, and to establish goals for improvement. Ideally, benchmarks should be representative of industry-leading firms to reflect best management practices, however, they may also provide statistical information on variability of the business performance. The development of benchmarks requires collection of extensive financial and op-

erational data in a standardized format that enables valid comparisons among different firms. Traditionally, this information has been compiled through time-consuming industry surveys or interviews with managers of cooperating firms.

For over 30 years, the University of Florida's Food & Resource Economics Department has conducted a financial benchmarking program for wholesale ornamental plant nurseries in Florida known as the Nursery Business Analysis. The program was originally started by Dr. Ned Cake, then continued by Dan Guntner, Robert Strain and Alan Hodges. From time to time, results have been published for various types of nurseries with distinct of plant growing systems, including field or container-grown woody ornamentals, tropical foliage, flowering plants, and cut foliage.

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These similarities account for Southwest University's particular interest in developing cooperative programs with the University of Florida. ■



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The questions were divided into eight categories: microeconomics, resources/policy, macroeconomics, agricultural business/finance, marketing, management, quantitative, and potpourri (a mix from the other seven categories).

Other UF students participating in the competition included Michael Curtis, a senior from Alachua, Fla.; Timothy Lewis Johnson, a senior from Live Oak; Gary Schaefer, a senior from Plant City; Jason Beutke, a sophomore from Alachua; and Alicia Taylor, a sophomore from Myakka City.

Other U.S. institutions competing in the quiz bowl included University of Arkansas, California Polytechnic Institute, University of Idaho, University of Illinois, Iowa State University, Kansas State University, University of Missouri, Ohio State University, Oklahoma State University, Purdue University, University of Nebraska, Texas Tech University, Virginia Tech University and West Texas A&M University. Canadian participants included the University of Alberta, McGill University and the University of Manitoba.

During the meeting, AAEA also recognized Lisa House, an associate professor in UF's food and resource economics department, as the organization's Outstanding Teacher of the Year for 2005. ■

## Florida Natural Resources Leadership Institute Update (FNRLI)

The Florida Natural Resources Leadership Institute (FNRLI) is a UF/IFAS Extension program, affiliated with the University of Florida School of Natural Resources and Environment. Drs. Roy Carriker and Burl Long, both long-standing faculty members in FRED, are the current directors of FNRLI. The purpose of the institute is to develop leaders who can help create a future for Florida where people, businesses, and institutions can prosper while conserving Florida's fragile and unique environment. FNRLI was created at UF largely through the efforts of Dr. Carriker who had participated in the North Carolina Natural Resources Leadership Institute and believed that Florida would benefit from such a program.

Four classes have graduated from FNRLI since its inception in 1998. Each class is composed of Fellows who are mid-career to top-level professionals in natural resource related fields drawn from industry, federal, state, and local government, academia, and community based organizations. When Class V graduates in October, there will be a total of 97 FNRLI graduates who are advancing in their careers and contributing to a growing network of like-minded professionals. These professionals have learned, through their FNRLI training, how to bring techniques of conflict management and collaborative leadership to bear on contentious environmental issues, often related to development, with end results that can satisfy stakeholders and avoid litigation.

FNRLI provides this training through a well planned and tested pro-

cess. Each class of Fellows participates in eight three-day sessions over the course of ten months. Each of the first seven sessions is held at a different location around the state of Florida. Each session is a blend of seminars and activities in which Fellows develop skills in the practical techniques of conflict resolution and the management of contentious meetings and associated processes. Each session also includes guided field trips to the resource areas and discussions with stakeholder panels composed of the industry, agency, and community people involved in the local issue at hand. The eighth session is graduation where the graduates present a practicum project that they have worked on as part of their participation in FNRLI.

Class V will graduate in October. FNRLI is currently accepting applications for Class VI which will commence in January of 2006. If you are interested in participating in FNRLI, or know someone else who might be interested, please contact FNRLI Executive Director Bruce Delaney at 352-1881, Ext. 426, or e-mail him at <mailto:BLDelaney@ifas.ufl.edu>.

The Florida Natural Resources Leadership Institute has benefited greatly from its affiliation with the Food and Resource Economics Department and appreciates its continuing relationship with the department. ■



## Does the generic promotion of citrus benefit Florida producers?

The Florida Department of Citrus asked Dr. Ron Ward, a long time professor in FRED, to lead a team of economists and industry leaders to address this important question. The team included Mark Brown and Bob Norberg of the FDOC; Allen Morris and Bob Behr, both FRED graduates; Tom Spreen, the Chairman of FRED; Bob Barber with Florida Citrus Mutual; and industry leaders Dan Casper, Ron Edwards, Rod Liddle, and Jim Zellner. Zellner also has had an affiliation with FRED. Drawing on both quantitative research and industry experience, the team met over several months to review existing economic analyses and devised a strategy for objectively measuring the impact of Florida's generic promotion programs for processed oranges.

Generic promotion (commonly referred to as the checkoff) is a tool used by many commodity groups to enhance the demand for their specific commodities. Notable examples include the promotions of beef and dairy. Research by Dr. Ward has addressed the economic impacts of many of these commodities and, hence, the citrus industry turned to him to provide the leadership to evaluate the effectiveness of the citrus promotions. Three issues of particular importance included measuring the overall rate-of-return to Florida growers, the level of free-riders in the system, and the economic benefits to the state of Florida. Generic promotions have become complicated with the legal challenges relating to the constitutionality of these programs. Having a scientific evaluation of the economic impacts is an essential component during litigations and for the legislative process. This last spring Dr. Ward presented the results for the evaluations of the citrus programs to the State of Florida Legislative Joint Committee on Agriculture.

The full report can be readily accessed through the FDOC web page under the title "*Generic Promotions Of Florida Citrus—What Do We Know About the Effectiveness of the Florida Department of Citrus Processed Orange Juice Demand Enhancing Programs?*" ([www.floridajuice.com/gr\\_market\\_list\\_misc.php](http://www.floridajuice.com/gr_market_list_misc.php))

The full report documents that the generic promotions of citrus benefitted Florida growers as well as the states' overall economy. Several major conclusions were highlighted:

1. For each million dollars of FDOC promotions of processed citrus juice, industry revenues at the delivered-in level (i.e., fruit delivered in to processing plants) increase by \$1.8 to \$3.8 million. That is, the benefit-to-cost ratio to Florida growers (at the delivered-in) is between 1.8 and 3.8, depending on the level of the promotion-induced demand shift.
2. On-tree net rates-of-return from the processed orange juice promotions show positive gains between 70% and 256%. Again, this is net of the promotion cost to growers. Each grower's profits from these net gains then depend on how much it costs to produce the oranges.
3. During the average season over the last five years, a \$40 million promotion investment would generate from around \$91 to \$227 million in additional dollars at the delivered-in level. For this amount, Florida growers capture between 70% and 80% of the gains with the difference going to imports. Clearly, there are free-riders to the extent that imports, not subject to the box-tax, benefit from the increases in demand. Note that the models used to calculate the benefits accounted for increasing imports if promotion-induced demand shifts increased retail prices. ■

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Benchmarks include measures for productivity, profitability, financial solvency and liquidity. For example, some of the key indicators are sales per square foot (acre), value produced per fulltime equivalent (FTE) employee, capital managed per acre, plant inventory turnover, indirect cost per square foot, rate of return on equity, and the financial leverage ratio.

Recently, we have developed an internet-based system for the Nursery Business Analysis, in response to the need for automated data collection and analysis, and to provide a higher level of service to industry clients. This effort was undertaken with the support of the Florida Nursery Growers and Landscape Association. The system consists of data entry forms, a report generator, a historical database of firm records, and a website user interface. The system is available at <http://hortbusiness.ifas.ufl.edu/hortNBA/>. Reports generated by the system consist of a series of tables and charts that provide benchmark information for a client firm compared with two or three selected industry groups. Within each commodity group, information is available for small and large firms, and highly profitable firms. Registered users of the system are assigned a username and password to enable access to the system for security-encrypted data entry and customized analyses.

Further programming of the website is being done by FRED-Information Technology Support person Stephen Reese. A technical refinement that has been incorporated into a new version of the system is deflator factors that state values in inflation-adjusted dollars.

Training workshops for users have been conducted throughout Florida and other southeast states during 2004 and 2005. As the system continues to develop, and more users are recruited to the system, an expanded database of records may enable reporting of benchmark values for additional nursery industry groups and for specific counties or regions. Also, it is envisioned that the system may be extended to other segments of the agriculture, such as the large and rapidly growing landscape services sector. ■





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