

THE FRE DISPATCH

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FOOD AND RESOURCE ECONOMICS DEPARTMENT

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HAPPY 2007!

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FRE Faculty Win Top Honors

GAINESVILLE, Fla. — Dr. Thomas Spreen, Professor and Chair of the department was recently recognized as the recipient of the SAEA Lifetime Achievement Award. Dr. Spreen was chosen because of his dedication to the food and resource economics profession, his outstanding research, and accomplishments as a teacher. Dr. Spreen is recognized internationally for his work on the production and marketing of citrus and he has received over \$1.4 million in grants. He has taught eleven unique courses in our department, eight at the graduate level for a total of 43 offerings. He has served on over 100 graduate committees, including chairing 34 thesis and dissertations. In addition, he has served on countless department, University, State, National, and International committees.

Dr. Gary Fairchild was named the UF Teacher of the Year for 2005-2006. Gary teaches a number of classes in the department including the capstone course for the Food and Agribusiness

Marketing and Management majors. This course, co-taught with Dr. Tim Taylor, receives the highest student evaluations every semester. Gary is an outstanding teacher with a unique, gregarious personality, and an unbounded sense of humor. At any time of the day there is steady stream of students going in and out of his office to debate current international trade issues as well as ask questions about his class. His evaluations are amongst the highest in the department and are consistently well above the college average.

Dr. Thomas Spreen,
Dr. Gary Fairchild and
David Barber take top
honors.

Mr. David Barber was recognized as the College of Agricultural and Life Sciences Undergraduate Advisor of the Year for 2005-2006. David is the Undergraduate Program Director for the department. David is also the advisor for the NAMA marketing team, and junior advisor for Alpha Zeta. David spends countless hours with students who need advising regarding their academic and career goals.

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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 operational data in a standardized format that enables valid comparisons among different firms. Traditionally, this infor-

mation has been compiled through time-consuming industry surveys or interviews with managers of co-operating 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 Gunter, 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.

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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Under David's leadership, our NAMA team has been recognized nationally as the team to beat. He is a vital resource for our students and inspires them to achieve their best. David dedicates his work to making UF and the FRE Department the best place possible for any student.

Did You Know?

- There are approximately 350 undergraduates enrolled in FRED making it one of the largest undergraduates departments in the College of Agricultural and Life Sciences.
- The Department has 41 faculty members involved in a full range of research, extension, and teaching programs including Agricultural Marketing and Policy, Production/Farm Management, International Trade and Development, Marine Economics, Natural Resources, Community/Regional Development, and Labor Economics. In addition to 33 faculty members located at the main campus in Gainesville, eight faculty are found at research and education centers located throughout the state.
- FRED undergraduate students have been highly successful in national competitions including four consecutive wins at the American Agricultural Economics Association Quiz Bowl competition (2001-2005) as well as the national championship and multiple final four finishes in the NAMA Marketing competitions.
- Three FRED faculties have received Lifetime Achievement awards from the Southern Agricultural Economics Association. Several faculties have developed international reputations in diverse fields such as trade policy, generic advertising, citrus economics, sugar policy, business retention and expansion, leadership development, consumer attitudes towards genetically modified food, and dairy marketing.

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. Burl Long, a long standing faculty member in the Food and Resource Economics Department is the current director of FNRLI. The purpose of the institute is to develop leaders who can 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 believe that Florida would benefit from such a program.

Six 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. There is now a total of 115 graduates who are advancing 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

process. 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.

If you are interested in participating in FNRLI, or know someone else who might be interested, please contact FNRLI Executive Director Bruce Delaney at 392-1881 extension 426 or email him at bldelaney@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)

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. ■

Food and Resource Economics and the University of Bonn

The Food and Resource Economics Department at the University of Bonn in Germany and FRED, UF are strengthening ties through a number of collaborations. The University of Bonn is a major university located in northwest Germany. It is one of leading institutions of higher education in Europe with a strong undergraduate and graduate program in agricultural economics and agribusiness.

After initial contact was made by Dr. Ron Ward in the 1990s, Dr. Gerhard Schieffer, former head of the Food and Resource Economics Department at the University of Bonn, came to Gainesville in 2003 for a sabbatical in FRED. This contact was followed by several graduate students from the University of Bonn for study visits lasting from two months to a full semester.

More recently, the University of Bonn approached FRED regarding the development of a joint Master of Science degree program between the two universities. In the proposed program, a student would spend one year in Bonn and one year in Gainesville and then write a M.S. thesis under the joint supervision of faculty from both Bonn and UF. Upon completion, the student would receive a M.S. degree from both universities. In addition, the student would be exposed to the language and culture of both the United States and Germany.

The University of Bonn has also taken the lead in the formation of a consortium of universities from both sides of the Atlantic to address issues confronting the food industry in the 21st century. The universities include the University of Bonn, University of Parma (Italy), University of Madrid (Spain), Wageningen (The Netherlands), University of

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Macedonia, Cornell University, and the University of Florida. The consortium resulted in the First Symposium of Innovation and Dynamics in the Food Industry which was held in Innsbruck, Austria in February 2007. Dr. Ron Ward and Dr. Tom Spreen serve on the board of directors for the consortium. Dr. James Sterns, Dr. Lisa House, and Dr. Ward give presentations at the Symposium.



Welcome new FRED Faculty and Staff



From left to right: Dr. Michael Gunderson, Amanda Stull Saha and Jo Ann Davis

Dr. Michael Gunderson joined the FRE faculty in September 2006. His research interests are agribusiness management and finance, strategic planning, and decision making under uncertainty. Current research considers the attitudes of commercial agricultural producers regarding agricultural services. In addition, Dr. Gunderson is interested in the impacts of financing on agricultural production operations and the management implications of real options thinking.

His publications cover a range of topics including the consumer demand for different steak qualities, profitability in agricultural lending, and simulation models in new product introduction. Dr. Gunderson is responsible for teaching agribusiness finance and food marketing at the undergraduate level and is involved in advising and teaching graduate students. Mike completed his undergraduate degree at the University of Illinois, his M.S. at Cornell University, and Ph.D. at Purdue University, all in agricultural economics.

Amanda Stull Saha joined the FRE department in August of 2006. Amanda is the Coordinator of Alumni and Career Services. Her projects include co instructing AEB 3935,

FRE Seminar with Dr. Lisa House, academic advising for undergraduate students, career advising, coordinating the FRE Golf Tournament and Reunion Dinner, and developing relations between students, alumni, faculty, and industry professionals. While Amanda is new to the department she has worked in the College of Agricultural and Life Sciences here at UF since 2004. Amanda is also pursuing a Masters of Science in the Department of Agricultural Education and Communication. Amanda is a native of Kentucky and a graduate of the University of Kentucky.

Jo Ann Davis joined FRED in May, 2006, as the Administrative Coordinator to the department.

She manages the Business Office and the Computer Support Team. Prior to this appointment she was the Employee Relations Manager of the IFAS Satellite Office for the Office of Human Resource Services. Jo Ann has worked at the University since August, 1998. Before moving to Florida, Jo Ann worked as the Administrative Director for the Department of Public Works in Howard County, Maryland. She holds a bachelor's degree from the University of Maryland.



Announcing the Food and Resource Economics Department Third Annual Golf Tournament and Reunion Dinner

Help support our national champs...

In addition to having an excellent golf experience, by participating in the Golf Tournament you will be contributing to the FRE Student Enhancement Fund. These funds will help support our national champion FRE/NAMA marketing team and Academic Quiz Bowl teams as well as other student activities.

Reunite with college friends, faculty and staff...

This third annual FRE Reunion dinner will feature a presentation by the NAMA marketing team, recognition of departmental scholarship recipients and some special faculty awards. This evening will provide a great opportunity to visit with college friends, current and retired faculty/staff. Join us for golf and the reunion dinner. We look forward to your visit!

Friday, March 30, 2007

Schedule of Events

Golf Tournament

University Golf Course

2800 S.W. 2nd Ave., Gainesville, FL

11:00 am: Golf Check-in and Lunch

12:00 noon: Tee Off!

Reunion Dinner and Reception

Florida Farm Bureau

5700 S.W. 34th St., Gainesville, FL

6:30pm: Reception

7:30 pm: Reunion Dinner

- NAMA team presentation
- 2006-07 Departmental scholarship awards
- Faculty Awards

All golf sponsorships and fees include green fee, cart fee, range balls, and lunch.

Awards will be presented at the Reunion Dinner.

Golf Sponsorship Opportunities

Gold Sponsor \$100

- Four player spots
- Hole sponsor
- Company logo on the program and prominent recognition at the event
- Four dinner tickets

Silver Sponsor \$350

- Two player spots
- Hole sponsor
- Company logo in the program
- Two dinner tickets

Hole Sponsor \$100

- Name on hole

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FRE Golf Tournament and Reunion

REGISTRATION DEADLINE: MARCH 23, 2007

NAME: _____

COMPANY: _____

ADDRESS: _____

CITY: _____ STATE _____ ZIP _____

EMAIL: _____

PHONE: _____ FAX: _____

YES! I PLAN TO PARTICIPATE IN THE GOLF TOURNAMENT

ADDITIONAL GOLFERS:

NAME: _____

NAME: _____

NAME: _____

YES! I PLAN TO ATTEND THE REUNION DINNER \$10 EACH

ADDITIONAL GUESTS

NAME: _____

NAME: _____

NAME: _____

SORRY, I CANNOT ATTEND, BUT I AM ENCLOSING A DONATION

MAIL THIS FORM WITH PAYMENT TO:

- GOLD SPONSOR- \$500
 SILVER SPNSOR- \$350
 FOURLSOME GOLFER - \$200
 INDIVIDUAL PLAYER - \$55
 HOLE SPONSER - \$100

GOLFER REGISTRATION _____

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REUINON DINNER _____

OTHER DONATION _____

TOTAL ENCLOSED _____

PAYMENT

- I HAVE ENCLOSED A CHECK FOR PAYMENT
 PLEASE MAKE CHECK PAYABLE TO : UF/IFAS SHARE

VISA

AMEX

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NAME ON CARD _____

SIGNATURE _____

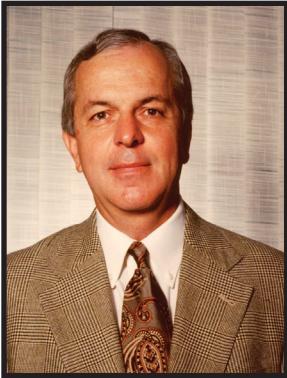
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MESSAGE FROM THE CHAIR, Dr. Tom Spreen

After a brief hiatus, FREDdispatch has returned to bring news about the Food and Resource Economics Department. You can see that there are many exciting things occurring in FRED. After several years of little hiring, we added one new faculty member in 2006 and will add at least two more in 2007. With the imminent retirement of many long-standing faculty in 2007 including Robert Degner, Carlton Davis, Robert Emerson, Gary Fairchild, Clyde Kiker, Ron Ward, and PJ Van Blokland, it is important that new faculty are hired so that we can continue the teaching, research, and extension programs of the department.

Please let know your thoughts about the Dispatch as we try to find ways to keep you informed about the activities of FRED. Please feel free to send your thoughts and ideas to tspreen@ufl.edu. They are greatly appreciated. Go Gators.

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City

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Major

Graduation



IN THE NEXT ISSUE:

Alumni Spotlight

Student Spotlight

What FRE Can do for you

