



ABSTRACT

Farm business is like any other business, an individual who wishes to enter into any business has to engage in detailed planning in order to be effective and efficient in his venture, but many farmers just engage into farming business without any planning. This paper aims at examining the relevance of farm planning in effective and efficient management of farm businesses in Nigeria. The

FARM PLANNING: AN ESSENTIAL ASPECT OF MANAGING FARMING BUSINESS

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Introduction

Farm business is like any other business, an individual who wishes to enter into any business has to engage into detailed planning in order to be effective and efficient in his venture. The planning entails identifying the materials- like seeds and fertilizer, and equipment- like planter and sprayer requirement, the sources of the materials and equipment needed, the quantity and the quality of the materials needed, sources of man power supply, and sources of working capital etc. The farmers are challenged when undertaking farming activities to organize and manage farm resources to maximize their economic returns which can only be achieved through planning.

Planning is the process that involves the establishment of objectives, strategies to achieve the objectives and a step by step determination of the activities and the resources necessary to



achieve them (Abdulkadir, Junaidu and Sale, 2020). It entails the determination of direction and ensuring the methods of accomplishing the overall organizational objectives (Tutorial points, 2016, Carpenter, Bauer, Erdogan, 2012). It helps in identifying the organization's philosophy, policies, programs, procedures, practices and problems. It answered intelligently what, where, when, why and how much resources are to be used (Singhry, 2017).

Many studies point the positive relationship between planning and organizational success indicators such as: planning and organizational performance (Khoshtaria ,2018, Taiwo, and Idunnu, 2010, Kabiru, Matthew and Asborn, 2018, Monye and Ibegbulem, 2018), planning and organizational survival (Taiwo and Idunnu, 2010), planning and profitability (Monye and Ibegbulem, 2018), planning and organizational growth (Sophia and Owuor, 2015), and planning and organizational productivity (Olumuyiwa, Adelaja and Chukwuemeka, 2012). Unfortunately, many farmers in Nigeria either do not consider farming as business that need to be planned before engaging into or they consider planning as not essential and relevance to the farming businesses.

This paper aims at examining the relevance of farm planning in effective and efficient management of farm businesses in Nigeria.

Concept of farm planning

Planning as the most fundamental activity in managing farm, it is knowing in advance what is to be done, what activities have to be performed in order to do what is to be done, and when it is to be done (Abdulkadir, Junaidu and Saleh, 2020). It therefore concerned with 'what', 'how, and 'when' of performance in the farm. Farm planning is a program drawn in advance of total farm activities to be carried by a farmer. Production Economics & Farm Management (n.d) offers that farm planning is a process of making decision that involves management and organization of resources in the farm business, with a view to achieve specified objective continuously. It involves selecting one among possibilities and the most profitable course of action. Farm plan is designed to satisfy all the resource constraints at the farm level and yield the maximum profit. A well-designed farm plan can help



prospective farmers to facilitate their decision-making, minimize their risk perception, and increase their venture's success probability (Alonso, Pastor & Alonso, 2018).

Every business involves some risk, no matter how the manager is experienced, informed or the level of intuition he possesses, there is an uncertainty surrounding his decision, it is planning function that minimizes the uncertainty of results, thus enables manager to take a calculated risk (Singhry, 2017). Farm planning enables farm managers to assess past experiences and decide the best alternative, assess the existing resource situation and identify various supply needs for improved and existing plans, examine the credit needs, and gives idea of the expected income and meeting out the expenditure on production, marketing, consumption, etc. (Nwachukwu, 2009). Planning is a prerequisite of performing other key management functions. In a farm, managers plan to organize, to direct, to staff, to control, to lead, etc.

Types of planning for farming

Scholars such as Nwachukwu (2008) and Singhry (2017) classify planning into strategic plans or tactical plans, standing or single used plans, short term, intermediate or long-term plans and or contingency plan and these are all relevant in the farm management.

Strategic plan: these plans are made by top management to help a venture to decide what to do, where to go and how to go. It defines the framework of the organization's vision and how the farm intends to make its vision a reality (Tutorial points, 2016). It involves setting farm's Mission, vision, Goals and Objectives.

Mission: Mission is the reason for a venture existence. Jones and George (2006) offers that mission statement is a broad declaration of a farm's overriding purpose. The farm's purpose may be spelt as subsistence- for family or commercial.

Vision: This is long term plan of what do the organization wants to achieve in the future. According to David (2013), while mission statement answers the question: what is your business? The vision statement answer the question: what do we want to become (Carpenter, Bauer and Erdogan, 2012)? The vision must be desirable, challenging, but also



attainable (Schwetje and Vaseghi, 2007). It can be argue that profit is the primary motivator but without mission and vision, profit alone is not enough to motivate people. A farmer's vision can be to produce above 5000 bags and engage into international business.

Goal: these are broad and long-term accomplishments a farm wishes to attain. Goals need to be mutually agreed by both management and employees. Boddy (2005) offers that goal is a desired future state for an activity or organizational unit. A farm's goal may be producing the desired number of bags.

Objectives: objectives are specific and short-term statements describing how to achieve the goals. According to Singhry (2017), there are two main types of objectives, primary and secondary objectives. Primary objectives are the objectives that must be achieved if the organization is to survive. The farm being commercial must produce farm product, sale and make profit. On the other hand, secondary objectives are the objectives that measure effectiveness of the organization. These may be to reduce unnecessary production cost, to plan and ensure what is planned has been executed and employing the right caliber of people as staff and workers.

Tactical plan: This covers a period not later than one year. It is usually done by lower level manager. It involves setting annual budgets (Tutorial points, 2016). A farm may formulate tactical plans on seasonal basis. Example of this is Maize farming planner that specify when to purchase input, prepare land, apply first, second and third fertilizer, sow seed, control weed, harvest, etc. (OCP Africa, 2020).

Standing plans are designed to be used again and again; they are usually used in a situation where programmed decision making is appropriate (Singhry, 2017). The plan guide action to ensure consistency overtime. Standing plan takes the form of policies, procedures and rules.

Policies: A policy is a general statement that guide or channel thinking in decision making (Rai Technology University, n.d.). It usually written and communicate broad guidelines for making decision and taking actions. Effective policies are flexible, comprehensive, coordinated, clear and ethical done (Abdulkadir, Junaidu and Saleh, 2020). A farm may have human resource policy for hiring its staff and a policy for training.



Procedure: Procedure is a written instruction and series of related steps that are followed in an established order to achieve a given purpose (Singhry, 2017). Rai Technology University (n.d.) opines that it is a planned sequence of open for performing repetitive activities uniformly and consistently. The example of procedure in farm is the procedure for procurement which can be specified as to involve storekeeper/treasurer, farm manager and the director/owner.

Rules: This is statement of action that must be taken or not taken in a given situation. It prescribes or prohibits action by specifying what an individual is expected to do or not to do in the course of his work or in a given situation (Abdulkadir, Junaidu and Saleh, 2020). A rule can be general for everybody or a specific for specified individual. Farm opening and closing time for each worker or shift, outing time and conditions, can be rules for a given farm.

Single- used plan: On the other hand single used plan is formulated for relatively unique, non-repetitive and unusual situation. It is used once and will probably not be used in its exact form again (Tutorial points, 2016). Single used plan takes the form of program, project and budget.

Program: Program is intended to accomplish a specific objective within a fixed period. Examples of programs are undertaking staff workshop training and organizing discussion with staff for hearing complaints.

Project: These are specific action-oriented plans created to complete various aspect of a program. Projects are usually a subset of a program. In a farm a project can be to undertake building of store or manager's office and or putting fence for the farm.

Budget: A Budget is a document for recording actual and projected income and expenditures over time. It is a control device and important components of programs and projects. Singhry (2017) offers that it is a process of setting financial goals, forecasting future sources of finances, monitoring and controlling income and expenditure and evaluating progress toward achieving a financial goal. Jones and George (2006) said budget states how managers intend to use farm resources to achieve farm goals.

Farm Business Plan

Farm business plan is a document that contains description of a proposed farm business idea or venture. The plan establishes all of the



procedures and strategies necessary in order to convert the business opportunity into an actual business project (Continental Business Plan Consulting, 2009). Farm business plan typically contains the state of a farm, the future vision of the farm, the target market analysis, the sales and marketing strategies, the financial requirements and challenges to reach the set goals. A business plan precisely helps farmers to allocate resources properly, handle unforeseen complications, and make good farm decisions (Production Economics & Farm Management, n.d).

Farmers use farm plan to set priorities of their business and allocate resources effective and efficiently. Farm plan brings to the farmers order and direction and enables them have vision for the future that guide all the organizational manpower toward achieving desirable results (Schwetje and Vaseghi, 2007). With the shared vision and focus generated from farm plan, employees are assisted in goal setting, decision making and performance assessments (Malta Enterprise, 2011). According to Production Economics & Farm Management. (n.d), farm plan describes four main elements of the proposed venture: an overview of the business, marketing analysis, financial plan, and management plan (Alonso, Pastor & Alonso, 2018). An executive summary and other supporting documents also accompany the farm plan. These elements gives strong starting point for the general plan, though there is no single principle to a farm plan, many factors determine the amount of content needed in a good farm plan (Marilyn and Helms, 2006). Below are some of the contents found in most business plan.

The executive summary gives synopsis of the entire farm plan (Malta Enterprise, 2011). It is a part that gives brief overview of the proposed venture. It is the information that convinces and gives confidence to the potential investor; if it is not informative or it is lacking crucial data, the investor might not read beyond this summary component (Schwetje and Vaseghi, 2007).

The business overview segment is a profile of the farm and it describes organization's business idea, and why the idea is sought for. It explains the strengths acquired that enable the venture achieve it purpose (Malter Enterprise, 2011).



A market analysis explains the farm's marketing strategies and how its sales will be handled. The analysis covers information of the farm's products, target customers, and how the customers will be informed about the product. It also includes competitive analysis of the farm that reveals its strengths, weaknesses, opportunities, and threats (SWOT)(Malta Enterprises, 2011, Alonso, Pastor & Alonso, 2018, Continental Business Plan Consulting, 2009).

The financial section reveals the financial state of the farm and the proposed financing means to be used for the venture. In this area, it detailed the amounts required for the venture, what it takes to sustain the farm, the income projections, the balance sheets, and the cash flow (Schwetje and Vaseghi, 2007). Research data, facts and statistics are used to support the listed financial projections.

The management plan section discusses the venture's strengths to achieve its purpose, it highlight its experience and the achievements. It also narrates the expertise of the venture's management and team. This section highlights to the investors and supporters and help them to decide to join and or finance the venture or not.

Discussion

The study intends to examine the relevance of farm planning in effective and efficient management of farm businesses in Nigeria. Farm planning is unavoidable and a prerequisite to effective and efficient management of farm business. The types of farm planning reviewed in the paper explained how necessary and important planning is in achieving farm business's objectives. By setting the strategic farm plan, a farm will set its mission, vision, goals and objective. A venture without these strategic plans has no purpose, direction and goes nowhere.

Setting tactical plans for a farm enable the farm to have a year plan, the farm in this will set when to purchase input, to prepare land, to apply first, second and third fertilizer, to sow seed, to control weed, and when to harvest, etc. This is really preparing for the future.

Standing plan which is used repeatedly, enable a farm to have policies, procedures and the rules. These are the written guidelines, series of related steps, prescription of expectations and prohibitions that are



followed in an established order to achieve a given purpose. A farm that set its standing plan has prepared to achieve its desired as planned. Single use plan enables a farm to set its program, project and budget. These are plans that are set and use once, to accomplish a specific objective, to complete various aspects of a program and to record actual and projected income and expenditures over time.

An important aspect of this paper is to highlight to the intending and practical entrepreneurs, especially in the field of agriculture and farming in particular, the importance of farm business plan which is use as a document to evaluate progress in business start-up and evaluate success in established farm venture. Farm business plan serve as a template and a guide for guiding the overall strategy of a farm, that is just waiting for implementation, farmers use it to show their level of preparedness to the third party- for securing loan or when a third party wants to join the venture. It is also crafted as a business idea- opportunity that can be sold to the third party.

The farm business plan entails items that show the feasibility and the potentiality of the business proposal, as it covers the SWOT analysis that shows the internal strengths and possible weaknesses, and the external opportunities and the possible threats of the venture. It also explores the markets, competitors and the financial analysis of the venture.

Conclusion and Recommendation

Based on the objective of the study and what has been reviewed, it can be concluded that for effective and efficient management of farm business, planning is a prerequisite that give a farmer sense of purpose, focus and direction, a guide and template, and a picture of the venture potentiality.

It can also be concluded that farming business needs to be planned and planning is an essential aspect of managing farming business. Farmers are therefore call to plan for the success of their farming venture. He who failed to plan has planned to fail.

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