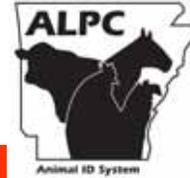


Arkansas Volunteer Premises Identification System



Risk Management Project - This project was made possible in part by grants from
USDA/CSREES under Award Number 2004-49200-03126
USDA/RMA under Award Number 071E08310275 - C

Arkansas Volunteer Premises Identification System



The Need for a National Animal Identification System

Maintain the health of the US herd

- Disease eradication
- Disease control
- Foreign animal disease outbreaks
- Threats to biosecurity

Goal

Establish a system that can identify within 48 hours all premises and animals that have had direct contact with a foreign animal disease or a domestic disease of concern.

Why is premises registration important?

- Must know where animals were and/or are located
- Premises location data to assist authorities in the investigation of an animal disease outbreak

What is a premise?

Any geographically unique location associated with animal agriculture that would allow for the commingling or movement of animals involved in commerce

Premises Program Implementation

- States will be responsible for implementation of premises program
- State will be responsible for developing a more precise definition of premises or areas
- Premises, however, must comply with USDA guidelines

Examples of a Premise

- Farms/ranches
- Feedyards
- Auction barns
- Clinics
- Slaughter facilities
- Livestock exhibitions and fair sites

USDA Guidelines

- USDA assigns a unique premises number
- A single premises number for each location
- USDA (APHIS) established the required information for each premise
- Data stored for 20 years

Premises Identification Number

- 7 alphanumeric characters
- Premises number will not change if the property is sold

Arkansas Premises Identification System

- Volunteer program
- No cost to register a premise
- Complete registration form

Premises ID Registration Form

- Business/Farm Name
- Primary Contact
- Secondary Contact
- Business/Farm Mailing Address

Premises ID Registration Form

- Telephone Number (s)
 - Business
 - Home
 - Cell
 - Fax
 - Pager
- E-mail address

Premises ID Registration Form

- Business Type
 - Individual
 - Partnership
 - Incorporated
 - Limited Liability Corporation
 - Limited Liability Partnership
 - Non-Profit Organization

Premises ID Registration Form

- Operation Type
 - Producer Unit/Farm
 - Clinic
 - Exhibition
 - Laboratory
 - Market/Collection Point
 - Slaughter Plant

Premises ID Registration Form

- Premises Information
 - Premises Name/description
 - 911 Premises Address
 - County

Premises ID Registration Form

- Premises Type
 - Producer Unit/Farm
 - Clinic
 - Exhibition
 - Laboratory
 - Market/Collection Point
 - Slaughter Plant

Premises ID Registration Form

Species at Premises

- | | |
|--|---|
| <ul style="list-style-type: none">▪ Beef Cattle▪ Dairy Cattle▪ Bison▪ Swine▪ Sheep▪ Goats | <ul style="list-style-type: none">▪ Equine▪ Poultry▪ Deer and Elk▪ Llama▪ Emu |
|--|---|

Premises ID Registration Form

- Additional Secondary Premises Information
 - Name/description
 - 911 Address
 - County
 - Premises Type
 - Species at Premises

➤ **Sign and Date**

Confidentiality?

- USDA is drafting a bill that would guarantee the protection of NAIS information from public disclosure
- The National Premises Repository Information will only include information for animal and disease tracking purposes

National Animal Identification System - Step 2

- Animal Identification – individual or group/lot ID

Individual Animal

- National ID System adopt the ISO code structure
- 3 numeric character field for country code (USA – 840)
- 12 numeric character field for national number
- An official Radio Frequency Identification Frequency (RFID) tag

ID Methods and Devices

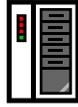
- Tag must bear an official unique national number
- One-time use
- May not be altered or tampered
- National ID number must be easily and reliably readable (even for RFID tags)

Group/lot Identification

- Livestock that are managed as a group
- National Premises ID of the location where the group was established
- 6 digit number reflecting the date the group was created

Individual Identification

USAIN Manager



National
Premises
Repository



A23L449



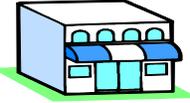
Individual Animal Tracking Between Premises

840 834502584384



A23L449

442DW31



Livestock Auction



SB3T552

Animal Tracking

Animal Number - 840 834 502 584 384

Date	Prem. #	Action
7-12-04	A23L449	Tag is allocated to premises
10-15-04	442DW31	Sighting
10-16-04	SB3T552	Movement in
4-4-05	5TR9923	Sighting
4-5-05	TH84S66	Movement in
8-4-05	5245G3D	Movement out
8-5-05	442DW31	Slaughtered

Timeline - 2005

- July – Premises Registration: all states operational
- August – Animal ID: Initiate “840” number with tag manufacturers and tag managers
- Jan to Dec - Animal tracking Demonstrations

Timeline - 2006

- April: Premises registration 25%
- April: Animal ID system fully operational
- July: Animal tracking interstate ICVI in all states

Timeline - 2007

- April – Premises registration “alert”
- April – Animal ID “alert”
- April – electronic ICVI for interstate movement
- October – Infrastructure established to collect animal at abattoirs, markets, etc.

Timeline - 2008

- January - Premises registration enforced
- January – Animal ID enforced
- July – Animal tracking at processing plants and reporting all defined movements

Timeline - 2009

- January – Animal movement enforced
- January – NAIS fully implemented and all components are mandatory

It used to be a man who wanted to raise cattle for a living, could just go and do it. There was plenty of room for everybody. All it took was common sense, guts and work. Those days are gone....forever

The Vanishing Breed

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Farm Safety: Focus on Livestock



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Injuries and Accidents

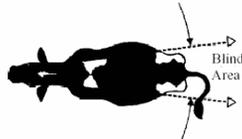
- Beef cattle farms were ranked 2nd and dairy operations 3rd by the National Safety Council for injuries per hours of work among all farming enterprises.
- Animals contributed to 17% of all farm injuries. (That equaled the amount contributed by farm machinery.)

Source: Baker, David E. and Rusty Lee. "Animal Handling Safety Considerations." University of Missouri-Columbia Extension. 1993.

Behavior

- Vision
 - Colorblind
 - Panoramic vision, meaning they can see everything but what is behind them
 - Little depth perception

■ **Tips:** Approach livestock animals slowly and in their line of vision. Gently touch them to calm them while entering areas they cannot see. Patiently guide them through gates or into raised or lowered places.



Behavior (cont')

- Maternal instinct
 - Livestock, especially sows, are generally very protective of their young.
- Tips: Try to steer clear of the mother and her young. If handling is necessary, separate the mother and her young. If the handling could cause noise from the young, move them to an area where they cannot be heard by the mother.

Behavior (cont')

- Environment
 - Livestock animals respond better to routines.
 - They also form attachments to their home (barn, pen, corral, etc.)

■ **Tips:** Develop persistent routines in handling. Changes that need to be made should be gradual.

Behavior Warning Signs

- Exhibit caution if any of these signs are present.
 - Raised or pinned ears
 - Raised tail
 - Raised back hair
 - Barred teeth
 - Pawing or stomping the ground
 - Snorting
 - Uneasy movements

Facilities

- Keep facilities clean of debris to avoid tripping or slipping. Also, try to keep them dry, dust-free, and well-ventilated.
- Keep areas evenly lighted.
- Make sure pen or gate levers/latches work properly.
- Always have an escape. Stay between the gate and the animal.



Livestock Safety Virtues

- * Awareness *
- * Cleanliness *
- * Gentleness *
- * Patience *
- * Persistence *
- * Quiet *
- * Respect *

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The Greening of Urban Areas: Public Perceptions & The Role of Farming in Society



Risk Management Project - This project was made possible in part by grants from
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Role of Farming in Society

- Role of Farming & Agriculture
 - Provides Food and Fiber
 - Is a Business
 - Is Also a Way of Life
 - Farmers are Stewards of the Natural Resources – but not the only stewards
 - Food is Integral Part of our Lives



Does Public Perception Impact Farming?

- Who are “farmers” & who are “the public?”
- What are public concerns? How do farmers perceive the public? How does the public perceive farmers?
- Does each group “like what they see?”
- Does each group think things are pretty good? Pretty bad? Or are they indifferent?
- What societal/legal structures do we have to address the concerns of citizens in general?
 - Laws & regulations
 - Public Opinion (media)
 - Other



“I like what you’re doing...”

- Perception is good
- Financial support is there
- Governmental and non-governmental programs support the activity
- Applause & accolades, or...
- Public will ignore you (may be preferable)



“I don’t like what you’re doing...”

- Will enact laws to punish you
- Will sue you
- Will speak poorly of you in the media
- Increase regulation at the federal, state and local level
- Environmental issues have been the focus
 - Setbacks
 - Odor regulation
 - Monitoring
 - Registration
- Or, if you’re lucky, will ignore you



Legal Responses to perceived “bad activities”

- Civil Lawsuits
- Criminal Prosecution
- Regulatory Actions
- Civil/Criminal Fines & Imprisonment



Common Law Civil Actions Commonly Brought Against Agriculture Operations

- Nuisance
- Negligence
- Trespass

What is a “Nuisance”

- An activity causing unreasonable and substantial interference with another’s quiet use and enjoyment of their property
 - Land owners have right to use and enjoy property free of unreasonable interferences by others
 - Land owners must use property so as not to injure adjacent owners

Earliest Nuisance Interpretation

- William Aldred’s Case – England (1610) – Aldred sued his neighbor for erecting a pig sty
 - The neighbor said he shouldn’t be so “dainty” or have such a “delicate nose”
 - Court ruled in favor of the neighbor and found the pig sty was a nuisance
 - Court ruled society will protect four things
 - Habitation by man
 - Pleasure of the inhabitant
 - Necessary light
 - Wholesome air

Factors examined in most nuisance cases

- **Character of the complained of activity** (is the use reasonable & common to the area)
- **Nature, frequency, duration and intensity of the interference** (is interference minor or major)
- **Nature of the property use being disturbed** (significance of impact)
- **Priority at the location** (who was there first)
- **Nature of the area where the property is located** (rural, urban, suburban, changing)
- **Relative economic and social benefits of the complained of use** (balance benefits and harms)
- **Effect of issuing an injunction** (will damages compensate or must the activity be stopped)

What if a nuisance is found?

- Damages
 - Compensatory
 - Punitive
- Moving the complained of activity
- Enjoining the activity
- Defenses
 - No special common law defenses
 - Right to Farm for agricultural operations

Perceptions of Agriculture Change over Time

- Early nuisance cases:
 - Dust, flies, smoke, noise, odor
 - Most early cases protected agriculture
 - Most egregious circumstances were the only ones warranting court interference
 - Spite operations
 - Death or serious disease/illness

Society pushes to “Suburbia”

- Waves of de-urbanization led to an increase in nuisance suits against farming operations
- Court actions/jury verdicts in nuisance suits led to “right to farm” statutes
 - RTF exists in every state
 - Most were enacted in the 1970s
 - General protection of farming from nuisance lawsuits

Right to Farm Statutes

- Common preamble:
 - “policy of the state to conserve and protect and encourage the development and improvement of agricultural land for the production of food ...purpose to reduce the loss to the state of its agricultural resources by limiting the circumstances under which agricultural operations may be deemed nuisances”
 - Expression of public’s support for agriculture

Typical Right to Farm laws

- Traditional – the farming operation has been in existence for a period of time (usually one year)
- Generally Accepted Agricultural Management Practices (GAAMPs)
- Listing of specific protected activities
- Protection of animal feedlots
- Protection of operations within agricultural districts

Post-1990 CAFO-related nuisance issues

- **Kansas** – Sec. Of Health allowed to impose permit conditions to abate odor nuisance at hog finishing facilities
- **Oklahoma** – AG opinion that private citizens can bring public nuisance claims
- **Texas** – calf-feeding facility is subject to the Texas Clean Air Act even though emissions produced by “natural processes” are excluded from regulation (6,600 baby calves in 1,500 hutches is “unnatural”)

Post-1990 CAFO-related nuisance issues

- **Missouri** – nuisance jury verdict was proper even though there was no county zoning in effect when the operation began (the operation was proper in its inception & conduct)
- **Kentucky** – AG says CAFO operations are “industrial” not “agricultural” and therefore shouldn’t be protected under right to farm
- **Iowa** – Supreme Court strikes down a 1982 law giving producers immunity from nuisance suits if they operate in county-designated agricultural areas (compliance with state regulations won’t shield you from liability for nuisance claims)

Post-1990 CAFO-related nuisance issues

- **Alabama** – contract growers sued for nuisance by 17 neighbors in a community of 240 people
 - odor was the concern
 - court said “compliance with government regulations does not carry the right to create a nuisance”
- **Nebraska** – court orders hog farm operators to work with University researchers to minimize odor

Additional recent nuisance/right to farm decisions

- Iowa (2002)– District court jury awarded four farm owners \$1.06 million in compensatory damages, plus \$32 million in punitive damages from the owner of a hog confinement operation
 - Willful & reckless location of 30,000 hog operation on a 640-acre parcel
 - Jury decision
 - Neighboring farm owners were plaintiffs



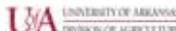
Additional recent nuisance/right to farm decisions

- South Dakota (2002) – plans for 20,000 head cattle feedlot were made public – signatures for initiative petition to pass a local zoning ordinance were gathered
 - Local ordinance would have limited size of waste management system
 - Initiative petition was successful & the county commissioners adopted an ordinance
 - Owner of feedlot challenged the ordinance
 - Ordinance struck down because the Co. board did not have the authority to take action outside a comprehensive land use planning effort



Additional recent nuisance/right to farm decisions

- South Dakota (2002) – permit requested to construct 2 hog facilities for 6,000+ pigs
 - County board denied the permit
 - On appeal, the district court upheld county
 - On appeal, the appellate court remanded the case for additional evidence
 - On remand, the district court again upheld the county
 - On appeal, the district court was upheld.
 - The permit had been denied due to impact on roads, potential for pollution, risk due to odors, inability of the county to properly monitor, and general concerns regarding health, safety and welfare of the general public



Additional recent nuisance/right to farm decisions

- Nevada (2002)
 - \$69,000 fines for “nuisance violation” due to pig odors
 - newly developed areas around a farm of 4,000 – 6,000 pigs
- Mississippi (2002)
 - Asthma problems caused by cotton gin
 - Court allowed use of right to farm as a defense against nuisance claim



Additional new cases

- Arkansas 2003
 - Neighbors of poultry production enterprises suing producer and companies for cancer-related deaths and cancer cluster phenomenon – arsenic in the feed issue
 - Will right to farm shield against health related claims?



Issues in a Typical Right to Farm Case

- How are terms such as “farming” or “agricultural activities” defined?
- How long have the operation’s activities been in effect?
- What if the operator has a permit for the activity?
- What outcome when there is change in technology or expansion?
 - What is a “reasonable” expansion
 - What is a “substantial” change in operation
 - How does adoption of new technology affect outcome



Relationship to Master Farmer program

- Will the Master Farmer designation shield the producer from nuisance, negligence and other tort-based claims?
 - Generally, right-to-farm statutes don't shield you from having claims of negligence or trespass filed against you
 - Have questionable effect against even nuisance-related claims
 - What if the legislature says the MF designation operates as a shield – is this the same as a right to farm protection?

Research Studies - Public Perceptions of Farming

- Wisconsin (2001) - CAFOs
 - Positive impact on ag economy
 - Negative impacts on
 - Communities & Neighbors
 - Roads & Housing
 - Resale value of neighboring land
 - Water quality
 - Change in rural character
 - Increase in flight from rural areas
 - Creation of social imbalance in rural areas

Research Studies - Public Perceptions of Farming

- United Kingdom (2001) – Expectations of the public concerning farming include:
 - Safe food
 - Choice
 - Responsible stewardship
 - Minimal degradation
 - Environmental improvement
 - Sustainability
 - Good-quality employment opportunities
 - Diversification of land uses
 - Best practices
 - Rural areas as resource for leisure/tourism
 - Diversity of products and production methods

Research Studies - Public Perceptions of Farming

- Australia (2001) – who opposes agriculture & why?
 - Opposition – growing populations in rural areas, neighbors, water users
 - Why oppose – smell, dust, preference for land in its native state, desire for agriculture only as a buffer to development, noise, flies

Research Studies - Public Perceptions of Farming

- Canada (1998) – shift in public perception of agriculture as good to bad (similar to shift in perceptions of weapon industry between WWII and the Vietnam War)
 - Agrarian values replaced by utilitarian values
 - No public contact with farmers
 - Increased use of industrial technology
 - Exploitation of animals
 - Agriculture is not in the control of individual farmers
 - Contributions to human health problems

Research Studies - Public Perceptions of Farming

- EU (2000) – poll concerning Common Agriculture Policy
 - Over 75% felt agricultural objectives (food safety, environmental protection, rural life, farm income) were important
 - Less than 50% felt objectives were being met
 - Food safety & environmental protection were most important
 - 92% think agriculture is important
 - 50% had never heard of the EU Common Agricultural Policy (CAP)

Bottom Line for Agriculture

- Neighbors exist
- Neighbors change over time
- Many new neighbors have no working knowledge of agriculture when they become neighbors
- Laws exist
- Laws change over time
- Prevention of problems is key
- Resolution of problems in the courts can be hazardous to agricultural operations in a changing society
- Right to Farm may be on life-support
- Flies, odor, dust and noise accompany even the smallest of operations and exist regardless of type of operation (organic vs. non-organic)

How do we resolve disputes and address our concerns?

- Court battles:
 - Long
 - Expensive
 - Polarizing to the community
 - Not all stakeholders present
 - Winner & loser
 - Should there be a winner and a loser in water, air, soil and food issues?
- Many involve scientific issues that are highly complex and that may not be most effectively in the courtroom

Unintended Consequences

- Unintended consequences of regulations or of setting policy by court action
 - Example: Heightened food safety regulations may affect smaller operators more heavily than larger operators
 - Example: Animal Identification Program may affect smaller operators more heavily than larger operators
- Settlement of lawsuits may only enrich the lawyers involved & not create any immediate, short-term or long-term improvement

Can we impact the public perception of agriculture?

- Does the public see agriculture as bad or good? Is the public just indifferent?
- How do we reconnect people with agriculture?
- How do we engage those with differing viewpoints?
- How do we solve problems with our neighbors?
- How do we satisfy the consuming public?
- New move to create relationships in agriculture may also run across problems in perception and in the reality of the regulatory/policy arena

The “Greening” of Urban Areas

- The “greening” of urban areas needs to incorporate a healthy dose of agriculture
 - Reconnect urban residents with agriculture
 - Connect producers with urban residents
 - Doesn’t just involve supporting small farmers, farmers markets, CSAs and other direct market approaches
 - Involves ensuring that urban residents have a deeper understanding of the policy issues involved with agriculture

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Helping Farmers Engage in New Agricultural Product Development



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Branded Products: Phase 1- the initial decisions

- Customers must recognize that you stand for something." – *Howard Schultz, Starbucks*
- The three key rules of marketing are brand recognition, brand recognition, brand recognition." – *Anonymous*



"New Agriculture"

- Reasons
 - Maximize returns on their farming investment
 - Realize more agricultural dollars in their own operation
- Ways
 - direct marketing, farmers markets, on farm marketing, community supported agriculture, differentiated niche products, alternative uses for agricultural products, value added products and new generation cooperative marketing



Farmer-owned brand

- Farmers
 - own their own brands
 - control the production of branded quantities



What is product branding?

- A farmers' unique touch is placed on the product that indicates the source or ownership of the product
- These unique touches can be associated with:
 - where the product is grown (such as Vidalia onions),
 - how the product is grown (such as products involving strict production or environmental standards),
 - who can grow the product (only approved farmers within a particular geographic area or within a specific organization such as a cooperative)
 - or a combination of the three.



What is a brand?

- A brand is a name, term, design, and symbol of any other feature that identifies one seller's good or service as distinct from others.



Common Branding Terms

- **Brand name**-can be spoken (i.e. 7-up), simplifies shopping for the consumer, and (hopefully) guarantees a certain level of quality
- **Brand equity**-the financial value associated with the brand
- **Brand mark**-the element of a brand that cannot be spoken; a symbol that signifies the brand

Common Branding Terms

- **Trade character**-someone or something that signifies a brand: Ronald McDonald; the Pillsbury Doughboy
- **Trade mark**-a legal designation that the owner has exclusive rights to the brand or to part of the brand and is signified by the symbol: TM
- **Trade name**-the full legal name of the organization: "Ford", as opposed to the name for a specific car made by the company.

Why should we consider branding?

- The consumer can readily identify the product.
- The consumer can quickly identify who is marketing the product.
- The consumer can quickly purchase the product.
- The consumer can evaluate the quality of the product.
- The consumer feels there is no risk in buying the product.

Why should we consider branding?

- The consumer can feel a psychological reward from buying the product either through satisfaction that he/she is supporting the producer or through some status symbol conveyed by purchasing the product.
- The product can be readily differentiated from those of other competitors.
- The product can be part of a tailored image.
- Repeat purchases become easy.

Why should we consider branding?

- Consumers don't often engage in price comparison-shopping.
- New product lines can be easily and quickly introduced to loyal consumers.
- The producer can gain easier cooperation with intermediaries who are familiar with the product and its reputation.
- Promotion of products becomes easier.
- Premium prices may be able to be charged for the product.

How do you brand a product?

- Most critical step-**selection of a corporate name**, which includes identifying:
 - Firm name
 - Firm logo
 - Firm trade characters
 - Firm domain name, if the branded product will be marketed over the Internet

2nd step of branding

- Selection of a brand name
 - Easy to read
 - Easy to say
 - Easy to spell
 - Easy to recall
 - Distinctive
 - Capable of being used in a variety of media
 - Indicative of major benefits or attributes of the product
 - Compatibility with other products in an existing line of products or a contemplated future line of products

2nd step of branding

- Selection of a brand name cont'
 - Availability of the name – has it already been used?
 - Connotations or meanings, either in the U.S. market or in foreign markets contemplated by the producer – are there possible negative or bad meanings, interpretations or connotations?
 - Is it capable of being misleading? If so, there are probably restrictions on its use as a brand name.
 - Will it involve a symbol?

Examples

- **Examples of effective brand names**
- Acronyms:
 - KFC, BP, IBM, TCBY, AOL
- Alliteration Style:
 - Dunkin' Donuts, Roto Rooter, Planters Peanuts, Piggly Wiggly
- Style suggestive of the good or service:
 - Dunkin' Donuts, Roto Rooter, Planters Peanuts, Piggly Wiggly
- Descriptive Style:
 - Bed, Bath and Beyond, Bath & Body Works

Examples

- Founders:
 - Hewlett Packard, Hilton
- Humor Style:
 - Hewlett Packard, Hilton
- Alternative Spellings:
 - Krispy Kreme, Doughnuts, Crazy Glue, Kwik Kopy
- Oxymoron Style:
 - Lowe Alpine, True Lies
- Rhyming Style:
 - Shake 'n Bake, Lean Cuisine

Brand Registration

- Get consultation from an attorney
- Avoid generic words, surnames, geographic locations and infringement
- Choose a distinctive trademark
- Do the proper screening at the state and federal levels
- If you plan to export overseas, screen at the international level as well

Branding and Internet Domains

- Check out trademark conflicts with United States Patent and Trademark Office before using a product or domain name
- Domain brands are also under private rules by "gatekeepers", like Network Solutions
- These private rules allow national name registration holders to request suspension of domain names. Suspension can only be avoided if the domain also has national name registration.

Branding and Internet Domains cont'

- Check all issues regarding the internet domain, even ownership, as some companies like Network Solutions retain ownership of the domain elements or other related domain names
- The Patent and Trademark Office may reject your application for a domain name if it is not clear that the domain name is also going to be used as a brand name. To function as a brand, the domain name must be used in a way that the viewer of the name infers the source, not merely the address of the brand.

Cautionary note on Internet Domains

- **Before** you begin your business venture, seek assistance from professionals who have experience with mixing brand names and domains

Then What?

- Advertising! It does a producer no good to go about the process of producing a better raw product or processing a better value added product and then branding the product is he/she doesn't engage in the means to promote the fact the product exists!
- Where?

FTC regulations

- All appropriate disclosures must be made, even online
- Prohibits any "unfair or deceptive act or practice"
- All disclosures must be "clear and conspicuous"

FTC regulations

- **Deceptive advertisements** -those that are likely to mislead consumers acting reasonably under the circumstances; must be "material" or important to the consumer's decision to buy or use the food product
- **Unfair advertisement** -must cause or be likely to cause "substantial consumer injury which the consumer could not reasonably avoid" and the injury cannot be outweighed by the benefit to the consumer

FTC regulations

- Generally, look from "reasonable consumer" standpoint
- Looks most closely at claims about health and safety or claims that consumers would have trouble evaluating for themselves
- Food producer/brander cannot make claims regarding the "organic" nature of the product unless in so doing he can substantiate that the product in fact meets the USDA/AMS requirements for an organic product

FTC Powers

- Can issue cease and desist orders that will order you to stop running the deceptive ad or engaging in the deceptive practice, be able to substantiate any claims for future ads, report to them periodically and pay fines of thousands of dollars per day per ad if your company violates the law in the future
- Can issue civil penalties that can range from thousands to millions of dollars, depending on the violation or order you to pay refunds to consumer/purchasers of the product

FTC Powers

- Can order you to run corrective advertisements or issue information concerning your product to consumers

Responsibilities of regulators

- FTC-most issues relating to claims made in food advertisements
- Food and Drug Administration-most issues relating to food labeling
- USDA-jurisdiction regarding meat and poultry issues

It is **imperative** that you approach the brand itself and advertisement of the brand with as much care as you would approach growing or processing the branded product.

Ways to brand

- Your own brand
 - Involves the use of your own company name
 - May also involve the use of separately created brand names for the product or product line.
- Private label brand
 - Your product can be packaged as a "store brand"
 - Or another company can market your product as their own.

Ways to brand

- Control brand
 - Your product can be packaged for distribution in a specific geographical area
 - The product can be packaged for distribution in specific markets
 - Typically these arrangements go through a specific distributor for the area or the markets.
- Co-branding
 - This is typically a combination of one or more of the above.

Other things to remember

- Packaging decisions
 - Size of the product
 - Consumer characteristics
 - Is my purchaser an end-use consumer
 - Are they going to buy the product one at a time or in multiples
 - Who is my consumer
 - Where will the consumer purchase my product
 - Where will the consumer consume my product
 - Legal and industry standards for packaging
 - How will the product be shipped and what impact does this have on packaging
 - Does the product require protection during shipping and before consumption, and
 - Labeling requirements.

Other things to remember

- Pricing
 - Low or High
 - Low-may imply lower quality or may not cover costs
 - High-may not be bought or picked up by a distributor
 - Consider distributor mark-up
 - If you plan to export, consider the charges

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Manejo de Riesgos de Producción



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Introducción

- La producción agrícola implica resultados o rendimientos esperados. La variabilidad de los resultados esperados plantea riesgos respecto a su habilidad para alcanzar sus metas financieras



Fuentes de Riesgo de Producción

- Clima
- Plagas
- Enfermedades
- Interacción de la tecnología con otras practicas de manejo de los cultivos
- Mejoramiento genético
- Eficiencia de la maquinaria
- Calidad de los insumos



Riesgos de Producción

- Diversificación
- Seguro de cosecha
- Otros programas gubernamentales
- Contratos de producción
- Aplicación de nuevas tecnologías



Diversificación

- Significa combinar diversos procesos de producción para su negocio. Por ejemplo:
 - Cultive diferentes tipos de cultivos
 - Combine cultivos y ganado
 - Tenga diversos productos finales en el proceso de producción (produzca aves de seis y ocho semanas de crecimiento, o ganado de diferentes pesos de venta)



Diversificación

- También significa
 - diferentes clases del mismo cultivo (por ejemplo maíz amarillo, blanco, seroso, o con alto contenido proteico)
 - Asegurar otros tipos de ingresos como empleos temporales afuera de la finca (si su finca es pequeña)



Beneficios de la Diversificación

- Los bajos ingresos de una actividad pueden ser compensados por otras actividades con mejores ingresos
- Puede proveer flujos de caja mas constantes (de esta manera las variaciones de ingreso durante el año pueden ser minimizadas)
- Del mismo modo, asegurar un adecuado flujo de efectivo/capital ayuda a cumplir con los costos de producción de manera oportuna

Preguntas Importantes con respecto a la Diversificación

- ¿Qué conocimientos y capacidades administrativas necesito para empezar otra empresa?
 - ¿Están estos conocimientos disponibles?
 - ¿Tengo un serio compromiso con esta nueva empresa?
- ¿Qué inversiones adicionales de capital necesitaría para diversificar mi empresa?

Preguntas Importantes con respecto a la Diversificación

- ¿Se necesita mano de obra adicional para esta nueva empresa?
- ¿Existen nuevos mercados?
- ¿Cuál es la relación de ingresos entre una nueva empresa y mi empresa actual?
- ¿Ofrecerá la nueva empresa una diversificación efectiva?

Seguro de Cosecha

- Maneje el riesgo de rendimiento o de precio a través de la adquisición de un seguro de cosecha
- Así transfiere el riesgo a otros, por un valor que se fija como una prima de seguro

Seguro de Cosecha

- El seguro de cosecha es un recurso de manejo de riesgo que no solo ofrece protección contra las pérdidas sino que también ofrece la oportunidad de obtener ganancias más consistentes
- Cuando se usa con un programa de mercadeo, el seguro de cosecha puede estabilizar los ingresos obtenidos y potencialmente incrementar ganancias anuales promedio

Beneficios del Seguro de Cosecha

- Asegura un nivel confiable de flujo de caja y le permite mayor flexibilidad en sus planes de mercadeo
- Puede garantizar ingresos cuando los programas del gobierno no son suficientes (por ejemplo, la eliminación de pagos por desastres)

Limitaciones del Seguro de Cosecha

- Solo disponible para cultivos
 - Programas para el ganado están todavía en desarrollo
- Pueden ser costosos
 - Es necesario evaluar los costos del programa vs. los beneficios potenciales



Clases de Seguros de Cosecha que el Gobierno subsidia

- Seguro de Cosecha Multi-riesgo (MPCI) - lo protege contra la mayoría de los desastres naturales. El nivel de protección puede ser seleccionado con base en el porcentaje de su rendimiento histórico
- Seguro de Cobertura de Ingresos de Cosecha (CRC) - lo protege contra las pérdidas por rendimiento y por precio. Es limitado a algunos cultivos y a algunos Estados



Clases de Seguros de Cosecha que el Gobierno Subsidia

- Protección de Riesgo Grupal (GRP) es similar al programa básico MPCI. Este programa es atractivo para los productores cuyos rendimientos son cercanos a los rendimientos del condado y donde los desastres de cosecha, tales como sequía, afectan un área amplia
- Otros programas están disponibles en otras áreas



Clases de Seguros de Cosecha que el Gobierno Subsidia

- Las primas de las pólizas de seguro de cosecha son subsidiadas por el gobierno federal
- Los subsidios tienden a beneficiar más a aquellos productores que invierten en niveles más altos de cobertura



Programas Privados de Seguro de Cosecha No-Subsidiados

- Seguro por heladas - ofrece protección contra heladas y, asimismo, ofrece otros productos complementarios al seguro subsidiado por el gobierno



Obteniendo un Seguro de Cosecha

- El seguro de cosecha está disponible solamente a través de agentes aseguradores privados
- La cobertura de una cosecha debe arreglarse antes de su fecha de cierre de ventas
- El seguro de cosecha está disponible para más de 76 cultivos



Obteniendo un Seguro de Cosecha

- Para cultivos y áreas no elegibles al seguro, los productores pueden solicitar el Programa de Asistencia de No-Asegurados (NAP)
- Los cultivadores deben presentar un registro anual de los acres y de la producción ante la oficina local de la Administración de Servicios Agrícolas (FSA) del Departamento de Agricultura de los Estados Unidos



Otros Programas del Gobierno

- Tres programas importantes:
 - Costos compartidos
 - Retirar área de la producción
 - Sostenimiento de precios



Costo Compartido

- Programas que pagan un porcentaje del costo de adopción de una nueva práctica de manejo
- A menudo asociado con el manejo de recursos (agua, suelo) o el control de contaminación
- Algunos programas comparten hasta 75% del costo para productores calificados y el 90% del costo para nuevos productores calificados o productores con recursos limitados



Costo Compartido

- Los programas son generalmente ofrecidos a través del Servicio de Conservación de Recursos Naturales (NRCS) del departamento de agricultura de los Estados Unidos
- Otros programas son ofrecidos a través del estado
- Los programas están enfocados en operaciones agrícolas y ganaderas



- Estos son programas que pagan al productor por retirar áreas de la producción por un periodo de 2 a 15 años, dependiendo del programa
- El productor recibe un "pago de alquiler" por el área retirada
- Generalmente, hay programas disponibles para compartir los costos por implementar mejores prácticas de manejo en áreas retiradas de la producción



- Normalmente asociado con programas ambientales
 - Reducción de erosión del suelo
 - Manejo de Pantanos
- El sistema es limitado con respecto a:
 - Porcentaje de la finca que puede estar en el programa
 - La cantidad total de pagos que el productor puede recibir



Sostenimiento de Precios

- El pago hecho a los productores cuando el precio de un producto está por debajo del nivel establecido (precio fijado como meta o "precio meta")
- Disponible para 10 cultivos
- Requiere registros del área plantada y de los rendimientos del cultivo

Beneficios y Limitaciones del Sostenimiento de Precios

- Beneficios
 - Puede ayudar a minimizar la variabilidad en flujo de capital
- Limitaciones
 - Requiere mantener buenos registros
 - Mucho papeleo
 - Generalmente requiere la ayuda del personal del departamento de agricultura de los Estados Unidos, personal del servicio de extensión de la cooperativa o un consultor

Contratos de Producción

- Está normalmente asociado con la integración vertical en la producción avícola o ganadera. La comercializadora agrícola suministra alimentos y otros insumos al productor quien está encargado del proceso de crecimiento

Contratos de Producción

- A través de contratos de producción, la comercializadora agrícola compromete al productor a entregar el producto final en la cantidad y la calidad especificada
- El productor debe cumplir con las especificaciones de calidad señaladas por la comercializadora y debe manejar el riesgo de producción con seguros y prácticas de manejo apropiadas

Ventajas y Desventajas

- Ventajas para el productor
 - Mercado para el producto está garantizado
 - Generalmente, precios favorables
- Desventajas para el productor
 - El productor no siempre aprovecha potenciales alzas en el precio (los precios son fijados en el contrato)
 - Si el contrato es cancelado, o el integrador se va del área, el re-empleo puede ser difícil

Preguntas Importantes acerca de los Contratos de Producción

- ¿Qué tipo de beneficios ofrece un contrato de producción?
- ¿Qué tanta flexibilidad estoy perdiendo?
- ¿Entiendo bien las condiciones del contrato (mis responsabilidades legales)?
- ¿Necesito asesoría legal?

Nuevas Tecnologías

- Nuevas tecnologías pueden mejorar el manejo agrícola y incrementar los ingresos
- Nuevas Tecnologías
 - Agricultura de Precisión
 - Variedades Mejoradas Genéticamente



Beneficios de las Tecnologías

- Agricultura de Precisión
 - Puede reducir los costos de producción
 - Puede identificar problemas de producción
 - Puede incrementar los ingresos
- Semillas Alteradas Genéticamente
 - Pueden incrementar el rendimiento y los ingresos
 - Pueden abrir nuevos mercados



Limitaciones de las Tecnologías

- Agricultura de Precisión
 - Puede ser costosa
 - Puede ser difícil de aprender
 - Puede requerir mas empleados o consultores
- Semillas Alteradas Genéticamente
 - Pueden reducir el acceso a algunos mercados
 - A veces es difícil volver a utilizar otras variedades



Conclusiones

- Existen medios para reducir el riesgo en la producción
- Antes de usar cualquier herramienta para manejar riesgo, se debe hacer una evaluación cuidadosa de ella
- Las operaciones pueden requerir una o más herramientas de manejo de riesgo



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Minimizing Risk in Forestry



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Story

Joe & Dot own 125 acs. forest land. Joe harvested 40 acs. 10 years ago but the management plan has changed. They have 2 grown children living in different states. Joe passes and Dot is left with all of the management decisions for the 125 forest acres. A logger approaches her and offers to "take the trees off of her hands" for \$2,000. The actual value was \$1000/ac or \$40,000 for a 40 ac. harvest.



Protect Yourself: How Things could have been different for Dot

- Risk entered from two angles
 - Selling Timber w/o knowledge
 - Inadequate Planning
- Education is the KEY
 - about your forest
 - about the environmental laws that pertain to your property
- Establish a Management plan
- Develop an Estate Plan



Introduction

- Forest Management Planning
- Estate Planning Basics
 - What is it?
 - Why do it?
 - First Steps
 - Sources of help



Why do you need a plan?

- "If you don't know where you're going, you won't know when you get there"
- Serves as a road map



What Do You Want?

- What do you enjoy the most about your forest?
- What do you do the most on your land?
- What would you like to see for your forest in the future?



Landowner Objectives

- Wildlife
- Wood Products
- Other forest products
- Watershed Protection
- Aesthetics
- Forest Health
- Family Legacy



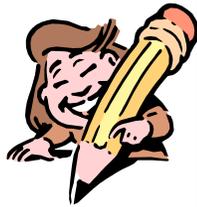
Planning is Key

- Objectives
- Map
- Inventory/Assessment
 - Soils
 - Trees per acre
 - Tree Species
 - Age
 - Growth Rate
 - Tree Quality
- BMP Needs
- Habitats
- Natural Areas



Keys to a Good Plan

- ✓ Get Professional Help
- ✓ Have plan in writing
- ✓ Make plan comprehensive but flexible
- ✓ Review & update plan
- ✓ Protect & conserve water & soil resources
- ✓ IMPLEMENT IT.



Why be Flexible?

- Things happen
 - Kids go to school
 - Storm damage
 - Need cash for unplanned events
 - Wildfire
 - Objectives change



Plan for Your Future Forest

- Plan harvest with future stand in mind
- Schedule harvest practices to promote desirable species
- Explore financial assistance options



Selling or Marketing?

- Easy to sell: just sell to first person that comes along
 - Problem: might not get what you need or be satisfied
- Better to market & be competitive
- Most landowners unfamiliar w/ marketing timber



First Steps in Marketing

- ✓ Determine your objectives: What does the sale do for you?
- ✓ Product Market & Options
- ✓ Current Prices & Trends
- ✓ How the Market Works
- ✓ Volumes & Values of Timber



Sell Competitively

- ❖ Determine Selling Method
 - ❖ Negotiated Sales
 - ❖ Sealed Bids
- ❖ Method of Payment
 - ❖ Lump Sum Sale – subject to capital gains
 - ❖ Pay-as-cut (by unit) – treated as ordinary \$
 - ❖ Percentage basis

What's wrong with "Buyer's Select" ?

- Cutting all the big & best trees & leaving the smaller & worst trees is high-grading
 - Devalues the forest
 - Shifts to lower value species
 - Cuts future profits
 - Diminishes habitat

Get Professional Advice

- ✓ Advantages/Disadvantages to each method—GET HELP
- ✓ Seek advice from accountant, attorney, professional forester
- ✓ Let them prepare a contract or sale agreement
- ✓ Research shows that consulting foresters can make ~ 20% more for the landowner



Estate Planning Defined

- Arranging for the orderly transfer of your assets following death
- Bottom line: if you own property you need an estate plan
- To do this, you'll need professional help
- It "is no more a self-help process than is an appendectomy" Al Todd

Vocabulary

- Estate
 - All property (real & personal) a person owns minus any debts
- Types of Estates
 - Gross Estate
 - Taxable Estate
 - Probate Estate
- Gross Estate = total value of all property (real & personal); includes life insurance & death benefits, jointly owned property, pension, IRA's, etc.
- In short, the whole enchilada!

Probate Estate

- Property & assets distributed under the direction of a probate court
- This is property NOT jointly owned w/ right of survivorship or W/O a beneficiary designation
- Want to minimize this



Taxable Estate

- The Gross Estate minus all taxes, debts, probate court costs, costs associated w/estate administration, and deductions for transfers to charity
- Estate Taxes don't kick in if the net value is less than \$675,000 to \$1 million
- This may change with changes in the laws – you need a professional involved!

Why have an Estate plan?

- What do you want to happen?
- Who do you want to receive your property
- Do you desire to leave all or part of it to a charity or institution?
- Are there those you wish to disinherit
- Do you want the forest management to continue w/o interruption?

Estate Planning in Forestry

- Can be very complicated
 - Easy for forest land to be valued > \$1 mill.
 - Subject inheritors to major estate taxes
- Long investment horizon
- Irregular income
- Difficulty in obtaining credit
- Continuity of management

Main objectives

- Continue a forest management legacy & keep land in the family
- Minimize transfer costs when estate is dispersed
- Provide for dependents & heirs
- Continue the Legacy
 - Provide guidance to future decision makers
 - Involve heirs in forest mgmt planning
 - Designate thru durable power of attorney
 - Who do you trust?

Take Home Message

- It "is no more a self-help process than is an appendectomy" Al Todd
- Things change: be flexible
- Educate heirs about plans
- Get Professional help BUT get the person YOU need
- Knowledge is power so educate yourself

Where to Get More Information & Help

- Professionals
 - Attorney, Certified Public Accountant, Banker, Chartered Life Underwriter, Forester
- Web site for Legal Issues
 - <http://www.nolo.com/index.cfm>
- Forestry Professionals for Arkansas
 - <http://www.forestry.state.ar.us/manage/consultantforesters.html>
 - <http://www.forestry.state.ar.us/manage/vendors.html>



Conclusions

- Dot and her family own 120 acres of forest land and have taken forest management courses, have an estate plan, a flexible forest, and management plan. After Joe's death, Dot is able to continue the forest management and has a harvest planned that will net several thousand dollars while maintaining the other forest objectives for herself and her heirs.



Presentation References

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Questions?

