

Michigan's Agribusiness

By Carolyn Riegler

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Most Michiganders can name the top industry impacting our economy and our everyday lives. Automobile manufacturing has been, and will likely continue to be, the number one economic driver for Michigan.

What you may find surprising is the second largest industry in Michigan is Agribusiness. The food and agriculture sector contributes over \$101.2 billion annually to the state economy. According to an article in the publication “Michigan Agriculture,” the sector creates about 22% of the state’s employment. The Michigan Economic Development Corporation indicates that “Agribusiness is Michigan’s second largest industry, and second in diversity only to California.” In fact, over 300 different kinds of commodities are produced in the state on over 9.9 million acres of farm land, 98% of which are family owned.

Michigan’s principal products include milk, floriculture, corn, soybeans, fruits and vegetables, cattle, hogs, poultry and sugar beets. Michigan ranks first in the nation for production of blueberries, tart cherries, begonias and petunias. Additionally, the state is ranked number one nationally in milk production, generating 10.2 billion pounds of milk valued at over \$1.7 billion.

Michigan farms have been serving the nation for over 100 years with solid traditions and passing of skills to each passing generation. Despite the rich traditional foundations, today’s farmers continue to innovate with new technologies, as well as welcome new participants into the fold.

The Agribusiness Industry is similar to the Automobile Industry as it relates to cyclicity and uncertainty. Natural disasters, economic and political disruption both at home and overseas will dramatically impact food commodity pricing. An additional business risk is the impact of the weather on local farmers. This unpredictable force can wipe out a whole crop or create a bumper crop filled with promise. These economic uncertainties must be managed in Agribusiness in a similar fashion to the Auto Industry. Planning, adjusting, re-engineering production/harvest methods, cost management, evaluation of capital investment opportunities are all factors at play in Agribusiness, not unlike any other business.

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