

**Strategic Decisions
&
Business Plans**

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What are Strategic Decisions?

Are you in the right business
What are your goals
What does it cost you to produce

What are Strategic Decisions?

Are agriculture exports expanding
Will interest rates go higher
Will land values increase or decrease

Strategic Planning Looks

- Outward and inward
- Considering available resources
- Evaluating past performances

Strategic Planning Focuses

- On managing the interaction with:
- Competitors
 - Neighbors
 - Government
 - Suppliers
 - Customers
 - Special Interest Groups
 - Others

Strategic Planning's Primary Purpose

Is to keep the
business in step with
a changing environment

Strategic Planning Anticipates
the Future

It considers the future...

But does not attempt to predict
what will happen

Strategic Planning is
Long-Range-Planning

Strategic Planning is

Farming is a long term venture

Look ahead at least five years

Review your plan at least once a year

Strategic Planning is

Flexible

Family Project

Vision shared by ALL

Emphasizes assessing your

Environment

Framework for responding
effectively to your changing
environment

Strategic Planning

- Access long range opportunities
- Understanding the business today
- Organizes our thoughts
- Focuses on the correct issues
- Communication vehicle

Strategic Planning

- Concentrates on Making Decisions
- Is Action Oriented

Strategic Planning will not
Guarantee Success,
it can improve
your chances.

Why Farmers Do Not Plan?

Your resources are limited

Future is uncertain and risky

Planning is not easy

Why Farmers Do Not Plan?

Aggravate conflicts within family

Who should make decisions

Which goals should have priority

Why Farmers Do Not Plan?

Makes you feel vulnerable

Don't have all the answers

How to interpret the
information

TIME

Plans are not
carved in stone

It is a vehicle for
calculated change

A strategic plan
is
critical to any
producer's future

Knowing the strengths and weaknesses of your operation allows you to match your strengths to available opportunities

Make Strategic Planning part of your overall business strategy

Put It On PAPER!

Business Planning for a farm does not have a clear starting or stopping point

Business Planning
looks
5 – 10 – 20
or more years
into the future

Business Planning is

A formalized thought process where:

- Current Situations
- Specify their farm and family goals
- Identify and implement alternatives
- Monitor progress

Decisions
Facts
Desires

Business Planning
involves a mechanism to
adjust to changes while
working towards defined
goals

The plan anticipates that
the farm operation will
be altered or modified
as necessary to
accomplish farm and
family goals

Business Planning
Does Not
Replace ...

You
can't do
it and
forget it

To Form a Business Plan

Executive Summary:
First page to read last page to write
Map of the future

To Form a Business Plan

Mission Statement – What are you about?
Concise and Memorable
Philosophy
Attitude toward Risk
Concerns

To Form a Business Plan

Set Goals – for both Business & Family
When all share common goals the
success rate is much higher

To Form a Business Plan

Establish specific objectives
Develop performance reports
Benchmarks that measure process
You must have records

To Form a Business Plan

The only thing for sure is

Change – Be Flexible

To Form a Business Plan

Information:

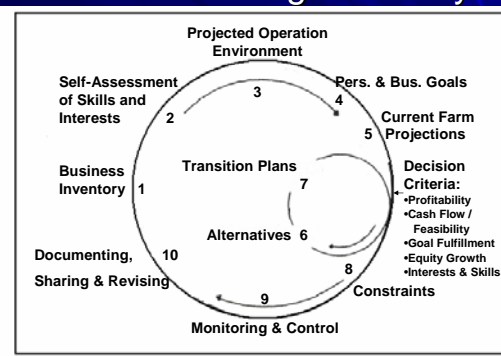
- Gather
- Screen
- Analyze
- Use
- Storage/Retrieval

To Form a Business Plan

Analyze Your Business:

- How you are doing
- Strengths/Weaknesses
- Advantages/Disadvantages

Business Planning Summary



A Business Plan Will

Viability of the Business:

Provide guidance for planning activities

Keep stake holders informed

Obtain financing

Improve – Communications

Center for Farm Financial Management U of M

<http://www.cffm.umn.edu/publications/>