

Faculty Work Comprehensive List

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## Positioning Your Farm Business in Challenging Times: Strategies From Those in the Trenches With You

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## Positioning Your Farm Business in Challenging Times: Strategies From Those in the Trenches With You

### Keywords

farm management, planning, land use, capital, labor

### Disciplines

Agricultural Economics | Business Administration, Management, and Operations | Christianity

### Comments

A panel discussion presented at the joint field day hosted by the Dordt College Agriculture Department and the Iowa State University Extension and Outreach held at the Dordt Agriculture Stewardship Center in Sioux Center, Iowa, September 2015. The event was designed in part to provide farmers with resources to help answer pressing agricultural questions.

# **Positioning Your Farm Business in Challenging Times: *Strategies from Those in the Trenches with You***

**Joe Hibma**

Crop and Livestock  
Farmer, Hull, IA

**Don Oostenink**

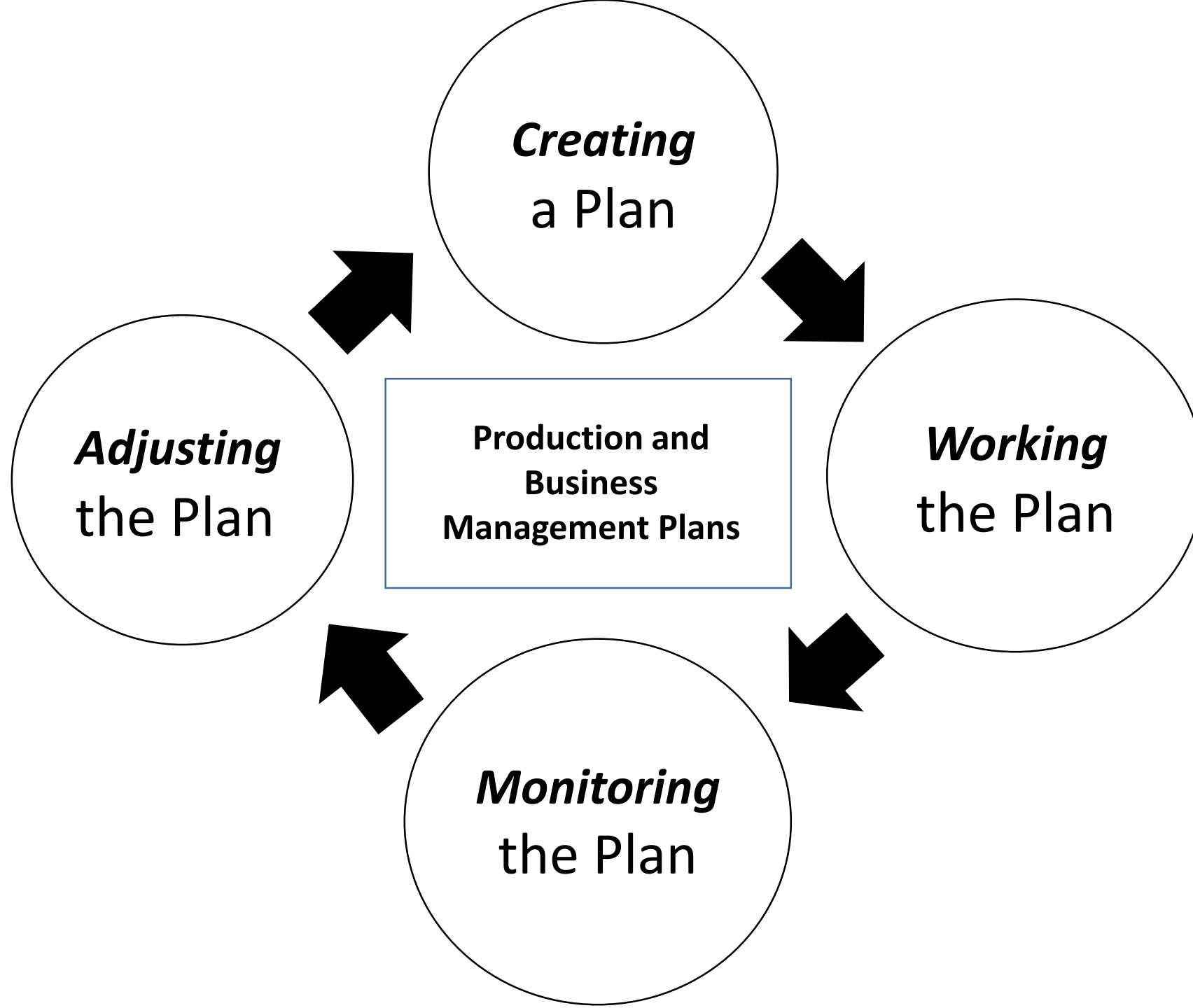
Crop and Livestock  
Farmer, Harris, IA

**Lowell Wilson**

Crop and Livestock  
Farmer, Sheldon, IA

**Dick Joerger, Facilitator**

Dordt College Agriculture Department



# Creating the *Production and Business Plans*

- Inventorying Resources
  - Land, Capital, Labor, Management)
- Securing and Using Accurate Data
  - Market, whole and enterprise analyses, weather, crop and livestock inputs, labor, historic farm, tax, NRCS, financial, technology, policy, etc.
  - Advisory newsletters - Extension sample budgets - Supplier estimates
- Using Proven Planning Tools
  - Enterprise and whole farm budgets; proforma cash flow, balance sheet, and profit and loss statements;
  - Spreadsheets decision-aids, stand-alone software
- Engaging Advisory Resources
  - Mentors, friends, partners, family
  - Financial, accounting, business management and analysts -Tom Thaden, Gary Wright, Kent Vickre
  - Agricultural Lenders - Crop and Livestock Consultants
  - Marketing- Accountants and Tax Management
- Putting the Entire Plan together
  - IFBMA Consultants
  - Agricultural Creditors

# Working the Plan

- ❑ Operationalizing the production and business plans you made
  
- ❑ Roles you carry out ...
  - Problem Solving – Scheduling – Supervision – Negotiation – Strategic Leadership – Credit Management
  - Purchasing - Legal – Communications – Technical – Policy – Oversight – Promotion – Team Leadership
  
- ❑ Discuss the Strategies you use in .....
  - Financial – Production – Marketing – Labor – Risk Management
  - Management - Tax Management - Data Management
  - Continuing Education – Legal

# Monitoring the Plan

## **Recordkeeping Technologies** (Production and Business- Related)

- Farm Business – Production – Environmental – Labor – Machinery - Taxes
- Other

## **Recordkeeping Practices**

- Business production and business records: outsourced, kept on the farm, both
- Maintain current financial statements (balance, cash flow, p & l)
- Maintain current production records

## **Business Analyses**

- Whole - IFBMA
- Enterprise - IFBMA

## **Production Analyses**

- Vendors, Software

# Making Adjustments to the Plans

*In these times, how do you go about addressing ...*

**New Technologies**

**Different Enterprises**

**Outside Factors (Weather, Markets, Politics)**

**Family Changes**

**Markets**



### **Creating a Plan**

- Est. Goals, Mission, Vision
- ID Resources - Land, Labor, Capital
- Select Alternatives
- Allocate Resources
- Apply Analyses Data
- Dynamic Process

### **→ Working the Plan**

- Apply Plans
- Oversee Operation
- Decision Making
- Trouble Shooting
- Coordinating
- Strategizing
- Purchasing
- Supervising
- Credit Management

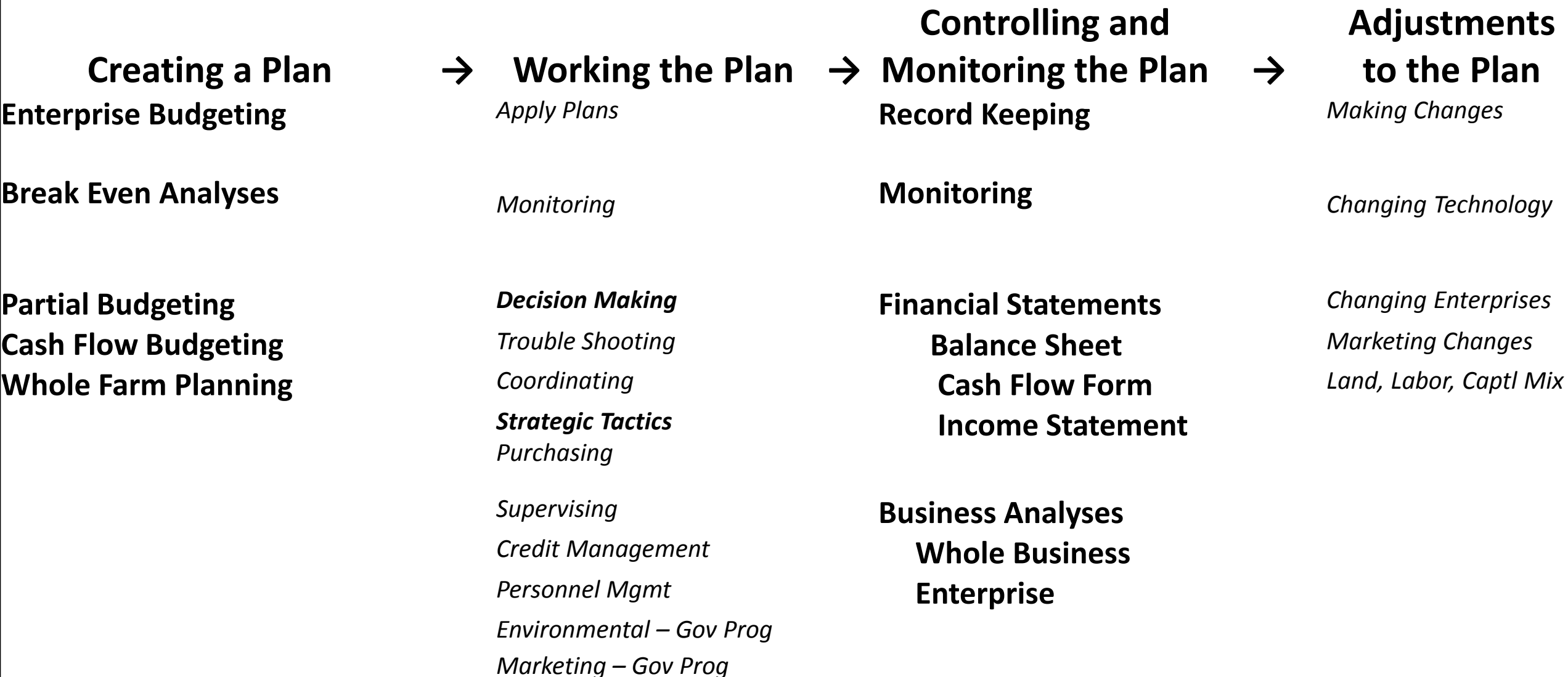
### **→ Controlling and Monitoring the Plan**

- Record Keeping
- Monitoring
- Analyzing
- Strategic Direction
- Legal

### **→ Making Adjustments to the Plan**

- Making Changes
- Changing Technology
- Changing Enterprises
- Marketing Changes
- Land, Labor, Cap Mix

# *Tools and Functions*



**Other Key Management Activities:** *Decision Making, Tax Management*, Monitoring Policy, Investment Analyses, Capital and Credit Management, Machinery Management, Human Resource Management, *Application of Economic Principles*, Risk Management. Applying Policy, Operations Management, Generation Business Transition, Strategic Planning and Management, Land Purchase, Continuing Education and Leadership

<b>Iowa State University</b>	
◆ <b>Extension Service</b>	<a href="http://www.extension.iastate.edu/agdm/">http://www.extension.iastate.edu/agdm/</a> (Ag Decision Maker)
<b>Iowa Farm Management Association</b>	<a href="http://www.iowafarmbusiness.org/">http://www.iowafarmbusiness.org/</a>
<b>Iowa Agricultural Statistics Service</b>	<a href="http://www.nass.usda.gov/Statistics%20by%20State/Iowa/index.asp">http://www.nass.usda.gov/Statistics by State/Iowa/index.asp</a>
<b>National Agricultural Statistical Service</b>	<a href="http://www.nass.usda.gov/index.asp">http://www.nass.usda.gov/index.asp</a>
<b>University of Minnesota</b>	
◆ <b>Center for Farm Financial Management</b>	<a href="http://cffm.umn.edu/">http://cffm.umn.edu/</a>
◆ <b>Farm Management – UM</b>	<a href="http://www.extension.umn.edu/agriculture/business/">http://www.extension.umn.edu/agriculture/business/</a>
◆ <b>Agricultural Risk Library</b>	<a href="http://www.agrisk.umn.edu/">http://www.agrisk.umn.edu/</a>
<b>Minnesota State Colleges and University System FBM</b>	<a href="http://fbm.mnscu.edu/">http://fbm.mnscu.edu/</a>
◆ <b>Annual Reports</b>	<a href="http://fbm.mnscu.edu/annualreports/index.html">http://fbm.mnscu.edu/annualreports/index.html</a>
◆ <b>Program Description</b>	<a href="http://fbm.mnscu.edu/ProgramsCurriculum.html">http://fbm.mnscu.edu/ProgramsCurriculum.html</a>
<b>University of Illinois</b>	<a href="http://www.farmdoc.illinois.edu/">http://www.farmdoc.illinois.edu/</a>
<b>Kansas State University</b>	<a href="http://www.agmanager.info/">http://www.agmanager.info/</a>
<b>Purdue University – Center for Commercial Agriculture</b>	<a href="https://www.agecon.purdue.edu/commercialag/">https://www.agecon.purdue.edu/commercialag/</a>
<b>Purdue University – Farm Risk Management Resources</b>	<a href="https://www.agecon.purdue.edu/commercialag/resources/risk/signup.html">https://www.agecon.purdue.edu/commercialag/resources/risk/signup.html</a>
<b>University of Nebraska</b>	<a href="http://www.ianrpubs.unl.edu/epublic/pages/index.jsp?what=subjectAreasD&amp;subjectAreasId=14">http://www.ianrpubs.unl.edu/epublic/pages/index.jsp?what=subjectAreasD&amp;subjectAreasId=14</a>

*Managing the Operation when Margins are Tight! (Gary Wright, IFBMA Consultant)*

*A Top Ten*

- 1. Starts with Good, Reliable Records**
- 2. Two-sided Equation: Revenues & Expenses**
- 3. Must Know your Breakeven**
- 4. “Borrowed Time” on Current Interest Rates**
- 5. Manage the Cash Flow**
- 6. Supplemental Incomes**
- 7. Fertility Borrowing & Weed Control**
- 8. Insurance to “Farm Another Year”**
- 9. Family Living**
- 10. Communication with Trusted Partners**

<http://www.extension.iastate.edu/agdm/crops/html/a1-20.html>

Adapted from: *The Great Margin Squeeze: Strategies for Managing Through the Cycle* by Gloy, B., Boehlje, M., and Widmar, D.

- Maintain ample cash reserves and operating credit
- Get fixed costs under control
- Evaluate debt structure
- Obtain low costs of production
- Develop and implement a risk management plan
- Off-load enterprises or assets
- Make proper decisions on the farm program
- Moderate growth and asset ownership strategies
- Communicate with lenders
- Develop a strategic plan
- Strengthen production management skills

***Dordt College Agriculture Department/ISU Extension Farmer  
Co-operator Trials Joint Field Day***

**Wednesday, September 9, 2015**

**Burger meal at 5:30 PM - Tours start at 6:15 PM**

- Water Quality Issues – Becca Meerdink, West Branch of the Floyd River Watershed Project Coordinator**
  
- Why protecting soil resources is important - “A view from below” - Joel De Jong, NW Iowa Crop Extension Specialist**
  
- Overcoming Resistant Weeds – Ron Geis, Sales Manager for Dupont Crop Protection and Eric Bartels, Pioneer Account Manager for Sioux and Lyon Counties**
  
- Roundup, Liberty, and Conventional Soybeans – What we have learned about weed control – Ryan Buitter, Matt Heeringa, and Heath Huitink, Senior Dordt College Ag Majors**

**The Dordt College Ag Stewardship Center is located 1 and 2/3 mile north of Pella Corp. at 3648 US 75.**