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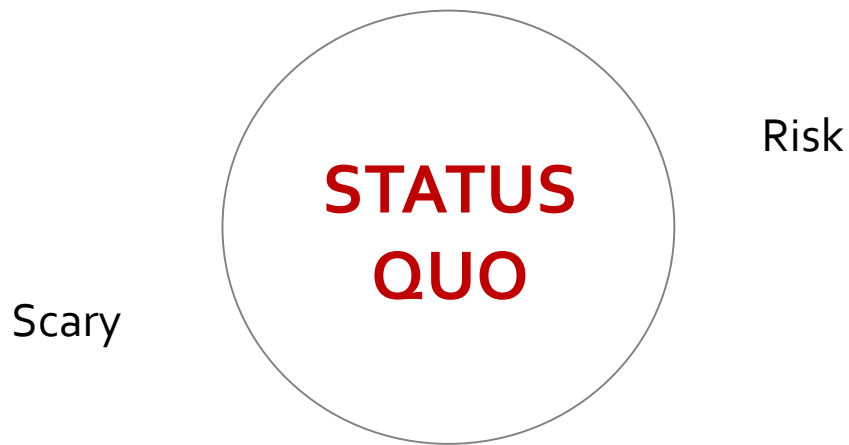
HOW DO WE FIND THE OPPORTUNITIES?

Challenge Our Paradigms



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“That won’t work here.”



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WHAT IS THE BEST WAY TO MAKE CHANGE?



“The light bulb did not get invented by incrementally increasing the brightness of the candle.”

Most breakthroughs do not come from aiming for incremental improvements.

We need big steps that come from complete mindset changes. A PARADIGM SHIFT

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Is it possible to be 100% efficient and 0% effective?

Make sure you are hitting the right target



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Is it possible to be
100% efficient and 0% effective?

Can you think of one place where
you might be efficient but not
that effective?



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How about creating a
“**Stop Doing List**”?



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Greg McKeown, Essentialism

Make the wisest possible investment of your time and energy to operate at your highest point of contribution

ASSUMPTIONS	NEW PARADIGM
I have to ...	I choose to ...
It's all important	Find what is most critical/important
I can do it all	I can do anything but not everything

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What is a competitive advantage?



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What is the opposite of a competitive advantage?

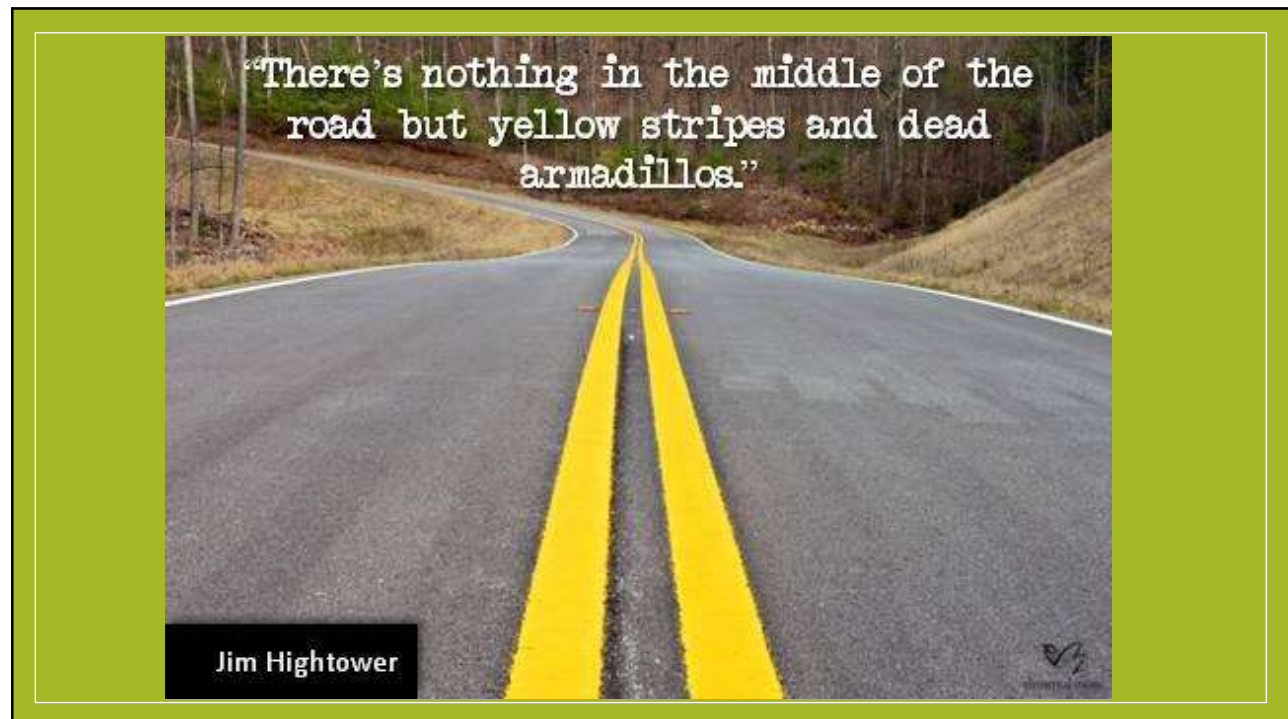
Kit Pharo of Pharo Cattle Company in Colorado says: it's being **AVERAGE**.

And average is breakeven at best

www.pharocattle.com

Herd Quitter Podcast: Episode 43

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What is a competitive advantage?

One is a cost advantage

- Decrease feed costs
- Increase production per acre
- Increase grazing efficiency and effectiveness
- Size of cow
- Calving in sync with forage resource
- Decrease reliance on iron and fuel
- Lower the overheads



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What is a competitive advantage?

Another is a differential advantage

- You must be different
- Your product is perceived to be superior to others
- You meet a customer need that no one else is
- Customer value
- Unique value proposition



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What is another competitive advantage?

YOUR BUSINESS IS RUN ON **SYSTEMS**

“If your business depends on you, you don’t have a business, you have a job.”

Michael Gerber, The E-Myth Revisited

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‘Cash Flow Quadrant’ by Robert Kiyosaki

E	B
S	I

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*GOALS AUDIT SHEET: Where am I on these issues? Do I have the following?		
Completed	2023 Goal	Result
	A clear mission statement for my business	
	A 3-year farm vision	
	A strategic plan for building/maintaining the farm business	
	A clearly defined family living requirement	
	A clearly defined profit target	
	Owner distribution policy	
	A plan for time off/vacation in 2023	
	A strategy for off-farm income streams, and other investments	
	An annual financial health check-up	
	A clear understanding of farm finances, balance sheet, P&L, cash flow plan	
	Evaluation of farm overheads and expenses	
	Increased financial planning expertise	
	Taxes completed on time	
	Clear record keeping systems and current books	
	A will/estate plan	
	An advanced care directive	
	An asset transfer/succession plan/exit plan	
	A 'because I love you list' (account numbers, user names, passwords, contact names and numbers, etc) in case of emergency	
	An organizational chart with clearly defined roles	
	An employee manual/employment policy including compensation and time off policy	
	A family employment policy with career development plan	
	Processes in place to resolve family conflict (business related)	

Creating Business Structure

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**WORKING IN THE BUSINESS
WORKING ON THE BUSINESS**

**A SUCCESSFUL BUSINESS IS RUN ON
SYSTEMS**

Taking the time to build systems is 'working
on the business'

Structure can actually be liberating

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Day to day	Planning and strategy
Working IN the business	Working ON the business
\$10/hour jobs	\$100/hour jobs
Urgent/Important jobs. Need to get done. Press on our time.	Not urgent, but important. Need to get done, but not pressing so we can put off indefinitely.



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Mission and Vision Statements

Is it all just fluff and non-sense?

Businesses with a strong mission and vision have a defined purpose
Decision making is easier, Know where to grow/where to cut, and
Increased personal effectiveness



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Quiz: Match each company with its mission statement

Essentialism by Greg McKeown

1 - AGCO – A manufacturer of ag equipment such as tractors and parts	A – profitable growth through superior customer service, innovation, quality and commitment
2 - Dover Corp – A manufacturer of garbage trucks , ink jet printers and circuit board assemblies	B – to be the leader in every market we serve to the benefit of our customers and our shareholders
3 - Dean Foods – Food and beverage, mainly milk, dairy and soy	C – maximize stockholder value while at all times observing the highest ethical standards

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Why do you farm?

- Independence
- Rewarding to work with animals
- Tending the land
- Working in harmony with nature
- Great place to raise children
- Job satisfaction
- Producing food

**Serve a
Customer**



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Elements of a Misson

Core Values

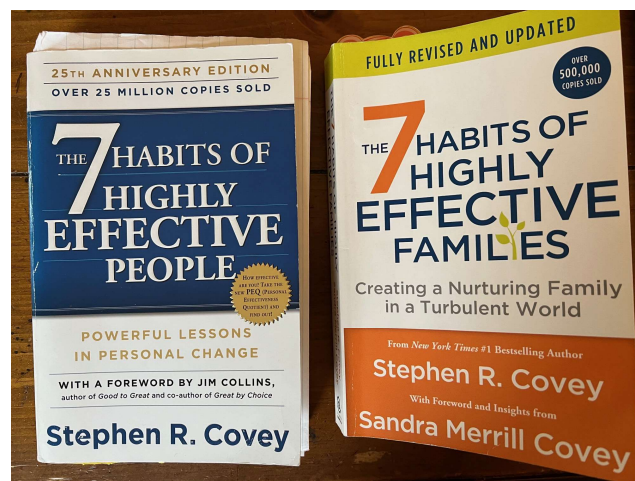
Customer Value

Owner Value



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Consider a personal and/or a family mission statement



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How to craft a vision statement

What do I want this business to be like
in 5 years?



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The ABC Farm is a strongly structured business with standard operating procedures where all involved know their roles.

It is a simple and profitable business run on efficient systems.

We rely on positive family communication and seek to be innovative.

It is a place where everyone is valued and gets time off and the next generation is involved with a clearly defined career path.

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Dust off an old standby

SWOT Analysis	
STRENGTH	WEAKNESS
OPPORTUNITY	THREAT

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Typically the number one producer goal?



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ECONOMICS VS FINANCE



Are these the same thing?

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We must always put economics before finance

Economics: Should I? Does this make economic sense?

Finance: Can I? Where will the money come from?

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Hidden Costs

Unpaid labor - what would it cost to replace yourself?

Sweat equity - is there an agreement for a future payout?

Depreciation - machinery AND cattle

Opportunity costs – what if you invested your money elsewhere?

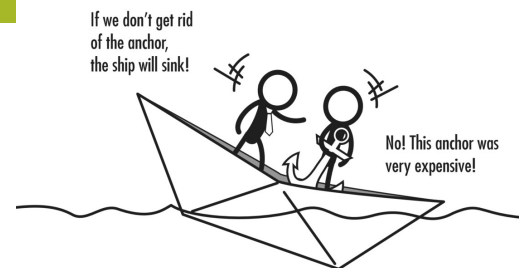
Opportunity rent - even if you own it free and clear

Under-utilization of a capital investment

(But... sunk cost bias is a risk)

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Sunk Cost Bias



Have you ever continued to invest time or effort in a project that wasn't working?

Have you ever continued to pour money into an investment that wasn't panning out?

Have you ever been stuck in a cycle of "throwing good money after bad"?

The more we invest in something, the harder it is to let go.

From "Essentialism", Greg McKeown

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Work on your business – analysis

What is your cost of production?

Have you evaluated and challenged direct costs and overheads?

Are you profitable?

Does the operation cash flow?

Where can you find 'deadwood' in your business and make changes?

What is your 2024 projection?

Can each enterprise stand on its own?



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FIND THE MONEY IN YOUR BUSINESS

- Challenge the Status Quo ("This is how it's always been done.") – Are you hitting the right target?
- Create a 'Stop Doing List' if necessary.
- Breakeven = Average
- Find the deadwood in your business (evaluate enterprises)
- Find the opportunities, what is your competitive advantage?

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American Farmland Trust
SAVING THE LAND THAT SUSTAINS US