

Legacy Letter

800.486.4712 ext. 4997

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Keep Farmers Farming

A DIVISION OF FIRST DAKOTA NATIONAL BANK



Have the Best Business Practices- Business Plan

As good as we are in this industry at producing, there always seems to be room for improvement in our general business practice skills. It is easy to get caught up in the best genetics or the latest trend in production because the end result can be seen, touched, and shown off. However, inside the business piece is a different story. Coffee shop talk usually doesn't include what your current ratio is or how your projected budget looks for the year compared to actual costs. In fact, a long face or two usually shows up when financial details get brought up. We have talked about the added value a strategic planning session can bring in setting goals and establishing action steps to achieve those goals; as well as, the need to have a strong financial system to pull the numbers out of production. But

what wraps these two pieces together? The business plan. A business plan focuses on outlining your plan for success and allows you to communicate that plan to others. This does not need to be a special corporate document with a bunch of legal jargon that no one understands. No, this is a simple document to outline your operation's goals for the year, how you are going to achieve those goals, and what details need to be completed.

A business plan should include the break-even estimate on each enterprise. How else are you going to make decisions in achieving your goal if you don't know the influence each enterprise has on your overall operation? It should also reference your marketing plan. The marketing plan can be as simple as selling cash on the open market or as complex as multiple hedges. My favorite part of the business plan is the need or want list. This list makes everyone in the operation prioritize what is needed to complete another year of production versus what would be nice to have if there was the extra time, labor, or money.



Business plans are written documents everyone in the operation helps develop. This allows each individual to contribute in their own way and ensure everyone involved in the operation knows the end goal for the year. Contact a Keep Farmers Farming consultant if you need assistance getting started with your operation's business plan today.

Be Your Own Advocate

The end of the year is just around the corner! Calves are weaned, harvest is coming to a close, and the tax accountant is starting to send out letters for pre-tax planning. Are you ready to go into the accountant's office confident in knowing how the year shaped up and prepared to address concerns you have? OR do you go in with your shoe-box of receipts and ask "how did the year shake out?"

It rests on your shoulders to be your own advocate and know your business better than any of the individuals who support your operation including your accountant, banker, attorney, or employees. As you approach the end of the year, do you know where your operation had margins? Have you done a variance report to compare your budget from the beginning of the year to the actual costs incurred through the year? When you go to visit with your banker, they are going to begin with an updated balance sheet and analyze your profit or loss from last year. Are you prepared to answer their questions and have you adjusted your game plan for 2018 based on what you know from your 2017 production?

Be prepared to be your own advocate. Know your plan, be able to communicate that plan, and be open to adjustments in order to achieve that plan. Enlisting the help from a third party to bounce ideas off of or assist in verifying numbers can prove to be a valuable tool in helping you further prepare for being your own advocate. Visit with a Keep Farmers Farming consultant to schedule a meeting and start discussing your operation's success.

Save the date!



The graphic features the title "AGRIVISIONS® 2018" in large blue letters at the top, set against a background of a cloudy sky. Below the title is a semi-transparent grey box containing a list of dates and locations. The background of the entire graphic is a photograph of a dirt road winding through a green field.

February 13	Sioux Falls
February 13	Mitchell
February 14	Pierre
February 15	Yankton