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Future Proofing Your Business and Life

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The genesis of this article came from a writer in Canada. This individual had conducted a search about me using artificial intelligence (AI), which led to an in-depth interview. A recent presentation on future-proofing prompted the writer to particularly focus on the down agriculture economic cycle that is impacting many in the agriculture industry.

Focus

One of the keys to managing through an economic down cycle is to focus on the controllable variables and manage around the uncontrollable ones. In today's world of social media and information overload, it is quite easy to become distracted. The uncontrollable variables such as geopolitics, weather, wars, and political positions related to trade sanctions, tariffs, and immigration can be energy zappers. Focusing on the controllable variables such as managing your finances, cash flow, risk management, and marketing plans from a financial standpoint can bring objectivity to the decision-making process. The same elements can be utilized to manage around the aforementioned uncontrollable variables, which can be critical to maintain both financial and mental health.

The nuts and bolts

What are the nuts and bolts in achieving success and placing the odds in your favor? A new acronym that has been useful in working with businesses is called R.E.M. Will the business owners, management, and stakeholders **r**espond, **e**xecute the strategy needed, and **m**onitor outcomes? In cases where I have been working with businesses, one of the most frustrating aspects is when management does not respond, procrastinates, or has other priorities and decisions. They often focus on what is urgent, such as planting and harvesting crops, rather than what is important such as the development and monitoring of a cash flow.



Let's make cash flows relevant again

In recent years, the rise of paper wealth driven by higher land values and other assets as well as lush government payments to some segments of agriculture contributed to complacency in management. In some cases, if you had land equity on the balance sheet, a cash flow issue could quickly be resolved by a debt refinance based on a credit score.

Whether it is your business or your personal finances, a good old-fashioned projected cash flow can provide the guardrails of the possible positive or negative outcomes. I strongly recommend a monthly or quarterly business and personal cash flow that is monitored throughout the year so that timely adjustments can be made in production practices, cost management, marketing, and risk management. The cost of production and break even points can let the numbers do the talking in business decision-making. The cash flow development and monitoring at our creamery has been a tremendous communication tool within the business for management, partners, and employees. The cash flow plan has been a guide to growth decisions, capital expenditure plans, and tax management. A number of years ago, the cash flow was extremely useful for management when a customer with outstanding accounts receivable filed for bankruptcy. This action resulted in a refinance of short-term operating debts to longer-term obligations.

Goal setting

A major part of the respond, execute, and monitor (REM) process is to establish written goals. Remember, only 4 percent of Americans achieve this metric; however, if you want to go the extra mile, the basics of goal setting can be the lighthouse while you navigate the rough economic waters. When setting your goals, please expand beyond your business and incorporate personal and family aspirations. Put special emphasis on physical and mental health as a cornerstone to future proofing your business and life.

Recently, a producer indicated that their spouse and dog are careful reminders when the exercise goal is not being executed. A walk with no technology can clear the mind and often organize the day. Remember, your business cannot be effective unless you are physically and mentally ready to tackle business and life challenges.

Advisory teams

A critical element of future proofing both your business and personal life is to have an advisory team. The crop or livestock supplier, lender, farm management instructor, or a consultant can be a critical element in maintaining a steady path toward the lighthouse of success in business and life. Advisory teams can provide insight into what trends are evolving in the industry, what peers are achieving, and how you stack up. Producers who have



weathered economic cycles in life surround themselves and utilize people that take them to the next level.

Dear future, am I ready?

When it is all said and done, one needs to step back and realize that there is no successful culture in the world without success in agriculture. The agriculture industry is the foundation behind the success of society and culture in any country in the world.

Wealth and success that are obtained quickly often builds ego. Slow, steady, and disciplined results often build character, which is critical in navigating both good and unfavorable economic times. Remember, doing the extras outlined in this article, while simple and basic, are often neglected, particularly in good economic times. There are no traffic jams in the extra mile!

Finally, when future-proofing your business and life, think about this article at the beginning of the new year. Success is often measured in dollar signs, but significance is giving back and making a difference in people's lives. These were some of my thoughts for the people north of the border, but they are very appropriate for everyone reading this newsletter.

