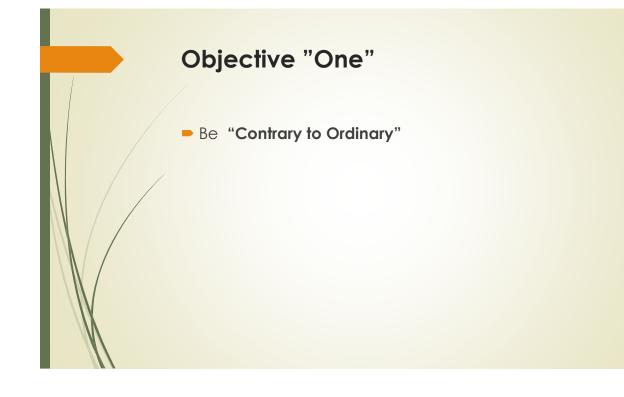
Kitchen Table Strategic Planning^{ss}

as presented to: National School for experienced Ag Bankers Denny Everson and Nate Franzen





Objective "2"

Define how Facilitating this Process for your customer could work for their Operation.



Intent

Add a new but "time tested" approach to building a stronger relationship with your customer!

Why?

 Sustainability of the customer base within your loan portfolio.

How?

- Ask your customer to define where they have been.
- Ask your customer to define where their Business is going.
- Ask them what the business will do to get there.

A quick review of how the Formal Strategic Planning Process works.

Rules of the road: All involved in the process must leave their egos at the door and put on their elephant hide!

Explain to your Customer how the Formal Strategic Planning process works.

- SWOT Analysis
- Determine objectives
- Prioritize objectives
- Refine the objectives
- Set the strategy for each objective or goal
- Develop the action plan for each objective and strategy



Explain the Significance of SWOT Analysis.

- Strengths
- Weaknesses
- Opportunities
- Threats



Ask them to establish the Internal factors of their Operation that are within their control!

- Strengths
- Weaknesses



Ask them to establish the External factors of their operation that are outside of their control!

- Opportunities
- Threats

Overall Goal of Strategic Planning for your Customer:

"Utilize their strengths to overcome their weaknesses which will help guard against their threats and allow them to take advantage of their opportunities".



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Allow your Customer/s to establish future Objectives for their Family and Operation!

- Ask them to "Dream Big"
- **Be Síncere**
- **Be realístic**

Challenge your Customer/s to Prioritize their Objectives.

Ask them to list all of their Objectives Request they limit their future goals to 3 or 4



Strategy Development is the next step and key to the Process!

Ask that they develop a Strategy or Strategies for each Objective.

Lean on your customer/s to establish Action Plans Per Strategy

- This is where the rubber hits the road and going gets tuff(lots of detail)!
- An action will be done by:
 - who?
 - When?



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Case Study

Father and two son operation



Operation

3,500 acres

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- Custom feed 5,000 hogs annually
- Both wives work off the farm
- \$6,000,000 in assets
- \$2,700,000 in liabilities
- \$3,300,000 in equity
- 250 stock cows



Strengths(Spouses included)

- diversified
- ambitious
- good leadership
- Spouses off farm income
- compatible
- good finances
- understand our debt load
- better than average producers
- good cattle program
- adequate labor force
- their bank



Top Three Strengths (men)

- diversified
- better-than-average cattle producers
- wives' incomes

Top Three Strengths (women)

- diversified
- ambition
- strong finances (they assumed)



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Top Three Weaknesses (women)

- Score-keeping/bickering
- Communication
- Balance of life and work

Top Three Weaknesses (men)

- Score-keeping/bickering
- Lack of consensus
- Goal setting



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Opportunities

- 1. Landlord wants to sell
- 2. Irrigation development
- 3. Pro-livestock environment



Threats

- 1. Disease
- 2. RE prices
- 3. Landlords
- 4. Death
- 5. Markets
- 6. outside investors
- 7. Weather



Objectives

- Buy landlord's ground
- Manage debt
- Improve record keeping
- Balance home-life-work
- Better define succession plan
- Improve Communication/Meetings
- Treat the operation more like a business



Top Three Objectives (women)

- More emphasis on bookkeeping
- Meetings/Communication
- Treat the operation more like a business



Top Three Objectives (men)

- Balance farm-life-work
- Purchase landlords land
- Define Succession for Dad

Action Plans

- Begin formal farm meetings
 - Weekly for the men
 - Quarterly for all partners
 - Have an agenda for all meetings
- Establish a leave policy & better define partner compensation
- Ramp up Dad and Mom's estate plan activities
- Seek financing to purchase landlords ground



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Best practices for a facilitator

- Remain neutral
- Be quick to defuse any emotional issues
- Caucus with a factioned portion of the group when necessary
- Stay structured

Questions?

