

Views from VanDeWalle

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Increasing Your Odds for Business Success

Recently at a Farmers & Ranchers College program, Dr. David Kohl emphasized the importance of maintaining working capital or cash for businesses and families, among other important business principles.

Kohl spoke on ten global macro-economic mega trend disruptors and financial risks in 2022. Kohl provided an excellent business IQ exercise that ANY business should forgo. The areas in the business IQ included cost of production knowledge, cost of production by enterprise, goals (business, family, personal), record keeping system, projected cash flow, financial sensitivity analysis, financial ratio/break evens, those who work with an advisory team/lender, those whom have a marketing plan and execute, those whom have a risk management plan and execute, modest lifestyle habits, strong people management plan, transition plan, those whom attend educational seminars, and their attitude.

He focused on the “high octane business strategies” which are:

- Planning – manage the items that are controllable an manage around the items which are uncontrollable.
- Projections – mentally prepare and visualize on paper the outcomes. Overestimate money and time by 25%.
- Pivot – make sure working capital is over 25% and have quick availability to cash as needed.
- Profitability – ensure your profit plan works to improve efficiency, has working capital and has some money to “enjoy life” – the 60-30-10 plan.
- Pathway or journey – make sure the transition plan is under-way and being discussed. This means younger generations have a chance to have a gradual way into control of the operation.
- People – “Make sure you have the right people on the right bus and in the right seat on a bus that are on the right bus with a driver who knows the right directions.”
- Prioritization – Ensure all family members have a priority of the business, family, personal, mental and spiritual goals.

Dr. Kohl also focused on “wisdom for well-being”. He used the acronym, M.E.D.S. for life.

They are:

- **Meditate.** In other words, find peaceful time to reflect and think deeply for a period. This can be used as a method of relaxation.
- **Exercise.** We have been told for years that exercise releases endorphins which trigger a positive feeling in the body. It’s important to take time out for you and have a balance between work and life/family.
- **Diet.** Take care of your physical health.



- **Sleep.** Sleep is important because it allows the body to repair and be fit and ready for the next day.

In addition to Dr. Kohl charged all participants to complete several items within the next year which included:

- Develop short and long-term goals.
- Complete the business and family complete the Business IQ test.
- Develop a year-end balance sheet.
- Develop a projected cash flow with three financial sensitivity tests.
- Write a personal thank you note to someone who has assisted you in your business or life journey.

The next Farmers & Ranchers College program will be January 25th at the Fairgrounds in Clay Center. This program will focus on cedar tree control and other important cow/calf conditions impacting your operation.