

Views from VanDeWalle

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Strategies for Business Success

To say the year 2020 has been difficult for many businesses is an understatement. Farms and ranches were already dealing with trade wars and daunting price outlooks and then the pandemic hit. It disrupted “business as usual” creating shock and uncertainty for people. 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 the “four pillars of the business model of the future” which includes resilience, agility, entrepreneurial/innovation, and a strong business IQ. For a business to be resilient, start with basic goal setting to redefine business, family and personal goals to achieve balance for sustainable success. The business must know its cost of production, implement a marketing and risk management program and benchmark themselves to peers. Regarding agility, the business should have working capital and access to cash during adverse events or if an opportunity presents itself. Examine markets for competitiveness and know when it’s better to improve business efficiency versus diversification or growth.

The third pillar is entrepreneurship and innovation. Analyze monthly or quarterly performance to sustainably move the business to the next level. Dr. Kohl also spoke on the importance of investing in people. Be a “people-first” business and find the right person that will help you move your business forward. You might have to pay more to find the best person, but it could reap rewards in the end. Also, align with the rapidly changing marketplace. Finally, the fourth pillar was to have a strong business IQ. This means to have a written plan with key performance indicators for business improvement. The business IQ management factors include:

- Knowing the cost of production
- Knowing cost of production by enterprise
- Setting business, family and personal goals
- Record keeping system
- Projected cash flow
- Financial sensitivity analysis
- Understand financial ratios and breakeven
- Work with an advisory team and lender
- Marketing plan written and executed
- Risk management plan executed
- Modest lifestyle habits, family living budget
- Written plan for improvement executed & strong people management
- Transition plan/business owner plan
- Educational seminars/courses
- Attitude – Are you proactive, reactive or indifferent?



Dr. Kohl wrapped up the program with some “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 of time. 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, Eric Snodgrass who is a Senior Atmospheric Scientist at Nutrien Ag Solutions provided fascinating information on weather patterns and trends. He described how El Nino and La Nina impact weather predictions and said that weather cannot be predicted over 21 days. Beware when weather-related products claim they can predict beyond that, as it is not the case. Snodgrass is the Former Director of Undergraduate Studies in Atmospheric Science at Univ. of Illinois Urbana-Champaign and with a dynamic and interactive presentation emphasized the increase in extreme weather events that will occur. For example, the increase in heavier (2.5” or more) rainfall events have been increasing in Nebraska. As producers, it is important to plan for these events and how they will impact your operation.