

Strategic Thinking: Adding Value to the Farm Business



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UNIVERSITY OF WISCONSIN-MADISON

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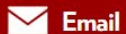
Extension Farm Management Program

Farm Management Statewide Outreach Specialists



Katie Wantoch

Financial and Risk



Stephanie Plaster

Business Development



Jim Versweyeld

Labor, Health and Safety



Leonard Polzin

Dairy Markets and Policy



Joy Kirkpatrick

Succession Planning



*Leadership is about rallying
people to a better future.
If your farm is at a crossroads,
your leadership skills will define
whether you can envision
that better future and
rally enough people and resources
to make it happen.*



Take Back to the Farm

- Strategic Thinking
- Values, Vision, & Mission
- SWOT Analysis
- Business Model Canvas



Image source: Unsplash



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What is Strategic Thinking?



Image source: Pixabay



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Strategic Thinking Is:

Being intuitive, visual, creative



The What and WHY

Strategic planning is:

- Long term
- Big picture thinking
- Method of envisioning the future, establishing goals and ways to achieve them

Before a business can be effective, strategy must be created, converted into policy, communicated, and made to work.

- GC Sawyer, *Designing Strategy*



Why do we care about strategies?

- Allow for **proactive** management
- Helps us maintain more **control** over what happens to the farm
- Determine early on if a a business idea, enterprise or opportunity is **feasible**





Values, Vision, & Mission

Values are like fingerprints. Nobody's are the same, but you leave them all over everything you do. - Elvis Presley

Building a Sense of Purpose

- Incorporates values into action
- Improves motivation
- Improves decision-Making
- Reduces conflict
- Helps focus energy and productivity



Establishing Your Values and Purpose

- The WHY!
 - Knowing why you are doing things is a key motivator
- Values are:
 - The quality of being useful or important
 - The degree of excellence
 - Moral or personal worth
 - Something considered or rated highly
 - Closely held beliefs
- Common examples:
 - Sustainability, profitability, doing what's right, integrity, community, solution-oriented, family, faith



Communicating Your Value

- Lead by example.
 - Walk the talk and remind others to
- Embed those values in your training and onboarding.
 - Include in training and onboarding
 - Explain how things are done differently at your farm/place on their arrival and during each training opportunity



Communicating Your Value

- Embed values in your communication tools
 - Meetings, gatherings, employee reviews, signage, etc.
- Reward and highlight behavior that support core value and purpose
 - Use prizes/praises
- Display or invoke during interactions with partners
 - Internal: owners, family, partners, investors
 - External: suppliers, lenders, customers



Creating a Vision

- **Motivating** and **inspirational**
 - *Imagination grounded in reality*
 - How today's actions are made with tomorrow in mind
-
- What is the purpose of your business?
 - What do you want your business to be known for?
 - What do you hope for the future of your business?
 - How will you use your business's beliefs and core values to get to that future?



Crafting a Mission

- Focuses:
 - Immediate goal of the business and what you're doing to achieve it.
 - 1- the critical purpose or core function
 - 2 - value statements about how the organization should act.
- What you do uniquely well
- Intentions toward the clientele you serve

What you do and how you do it



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A thriving, well-known and sought-out educational resource that reflects the rich diversity of the state.

We teach, learn, lead and serve, connecting people with the University of Wisconsin-Madison, and engaging with them in transforming lives and communities.

Riveredge Nature Center

Healthier human and natural communities

To support conservation through education that awakens curiosity, engages the body, and explores connections to nature for all generations.



Bartling's Manitowish Cranberry Co., Inc.

To be the most efficient and productive cranberry grower and do so in a responsible manner that will impress the Spirits that Lodge in our Manitowish Waters.

To grow abundant quality crops while sustaining our land and water resources and our family farm heritage.

Tyson

Our vision at Tyson is to be the world's first choice for protein while maximizing shareholder value.

We are dedicated to producing and marketing trusted quality food products that fit today's changing lifestyles and to attracting, rewarding and retaining the best people in the food industry.



Values: What you believe, reflected in how you act. The core principles you live by.

Vision: What you want your future to look like. The ideal future your organization is aspiring to reach.

Mission: How your organization acts and behaves in the present as it strives toward its vision.

Purpose: Why your organization exists.



Values Activity



A person wearing a hard hat is seen from behind, sitting in the cab of a tractor. The scene is backlit by a bright sun, creating a strong lens flare and silhouetting the person and the tractor's interior. The tractor is positioned in a field, with some vegetation visible in the lower right corner.

SWOT Analysis

Strategy without process is little more than a wish list. - Robert Filek

What is a SWOT Analysis?

- Identification of:
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats
- Development of strategies and goals
- Creation of realistic actions to reach goals

Purpose: Build in ability to adapt nimbly in a changing environment and make proactive business decisions.



Who Should Be Involved?



Step 1: Identify Internal Strengths and Weaknesses

- Self-assessment
- Look at business performance, assets and management
- What is your competitive advantage?
- What limits what you can do?
- How has the business performed in the past (during good times and bad)?
- What trips you up?
- Be HONEST with yourself!



Step 1: Identify Internal Strengths and Weaknesses - Diving Deeper

- Reach out to people within and outside the farm
- Gather feedback on other's perceptions
- Compile industry benchmarks
 - Rank these in terms of their level of importance to your operation's competitive advantage.
- Look at the financial analysis measures from the last five years, how business decisions are made, and how the farm has been managed.



Step 2: Recognize External Opportunities and Threats

- Gather information
- Look at:
 - General condition of the economy
 - How does this affect the business?
 - Input and commodity prices
 - What are the trends?
 - Technology
 - Consumer trends



Step 2: Recognize External Opportunities and Threats

- Look at:
 - Government rules and regulations
 - Industry trends and changes
 - What are others doing or saying?
 - What do consumers want?
 - What do the market/processors/buyers want?
 - Competition
 - Who are they and what are they doing?
 - Global, national, statewide, and local



Step 3: Creating Strategies

- Take advantage of strengths
 - Minimizing or eliminating the impact of weaknesses
 - Look to **maximize potential** and **mitigate risk**
 - Identify cross strategies
-
- Are there any that show up more than once?



SWOT Matrix and Strategy Analysis

STEP 1

Using the outer boxes, brainstorm your business's strengths, weaknesses, opportunities and threats (SWOT).

STEP 2

Using the inner boxes, develop strategies or action steps to address opportunities and threats by taking advantage of strengths and minimizing or eliminating the impact of weaknesses.

For further information on SWOT analysis:
<https://farms.extension.wisc.edu/articles/identifying-strategies-to-maximize-potential-and-minimize-risk/>



Internal Analysis

Look at your business performance, assets and management through a self-assessment lens.
Do you have a competitive advantage?

Strengths

Weaknesses

External Analysis

Think about the economic environment, industry trends and changes, input and commodity prices and the competition your business faces.

Opportunities

Threats

S-O Strategies

W-O Strategies

S-T Strategies

W-T Strategies



S–O Strategies

Are there strengths you can use to take advantage of opportunities?

W–O Strategies

Can weaknesses be overcome by taking advantages of opportunities?

S–T Strategies

Can strengths help you avoid or mitigate threats?

W–T Strategies

What can be done to minimize weakness and avoid threats?



Turning Strategies into Action Steps

- Identify top three **strategies**
- Convert these strategies into **goals**
- List **action steps** needed to achieve the goals
- Identify a **person responsible** for each step
- Determine a realistic **timeframe** for the goal to be completed
- Schedule a progress **check-in**
- **Adjust** as needed



SWOT Activity



A person wearing a hard hat is seen from behind, operating a tractor. The scene is backlit by a bright sun, creating a strong lens flare and silhouetting the operator and the tractor's cab. The tractor is moving through a field, with some vegetation visible in the lower right corner.

Business Model Canvas

*“A business model describes the rationale of how an organization creates, delivers, and captures value”
— Alexander Osterwalder, Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*

What is a business model?

- A **framework** for how your business operates.
- It describes your plan to:
 - Capture value
 - Make a profit
 - Meet a need
 - Make money
- A description of your **competitive strategy**.



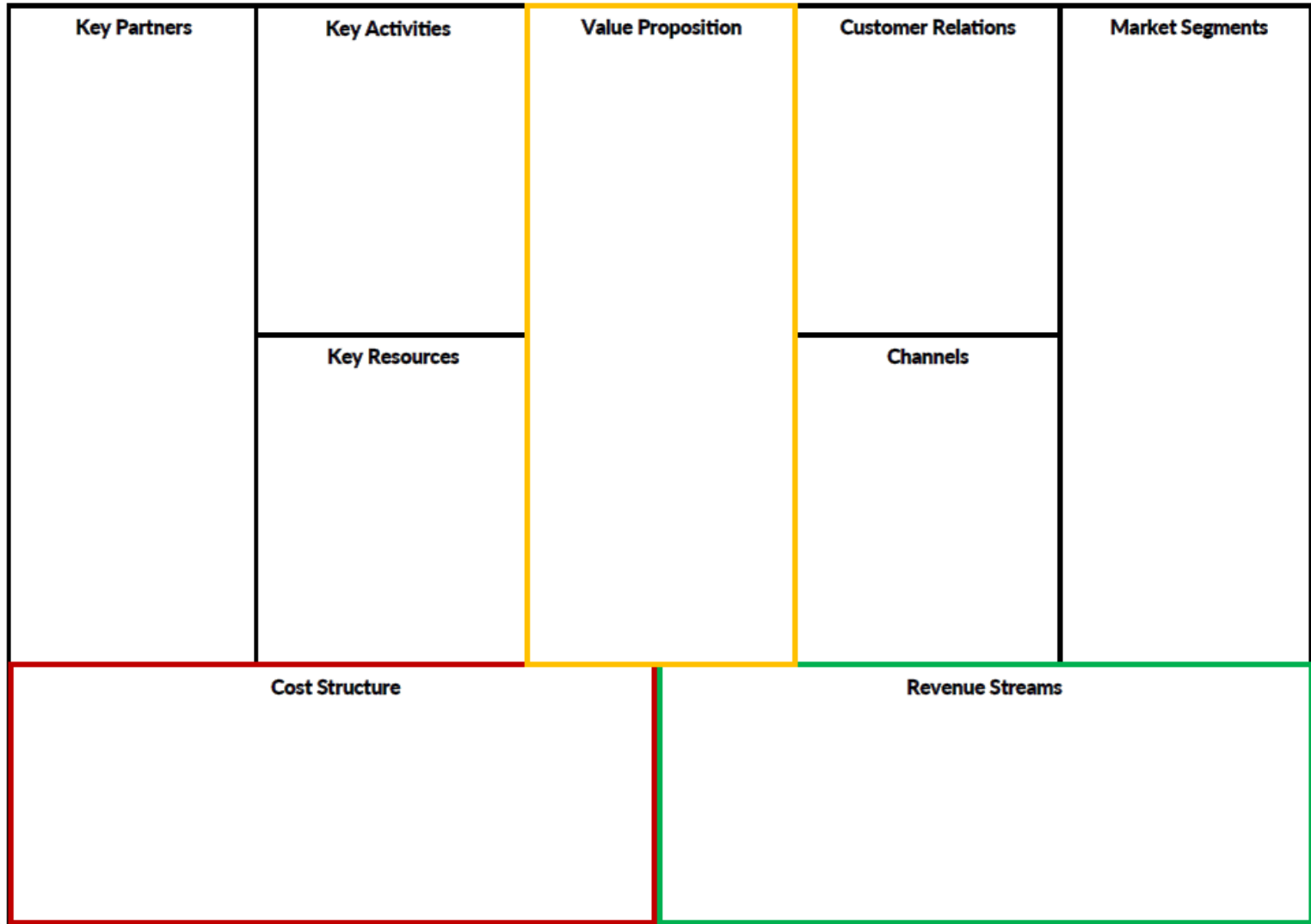
How do you test an idea or evaluate your business?

- Business Model Canvas
 - One-page tool
 - Nine key questions any successful business
- Lean Startup/Lean Canvas
 - How to find the answers to those questions
 - Make an assumption
 - Gather evidence
 - Minimize investment up front



How do you describe why your business exists or what value it brings?



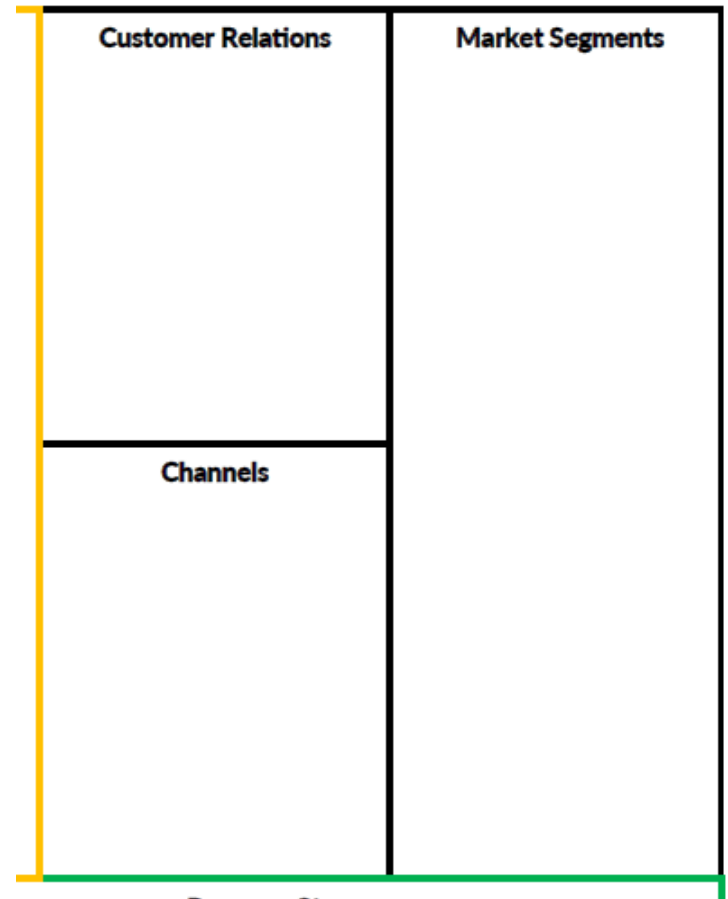


Internal-Based or Supply Side

Key Partners	Key Activities
	Key Resources



Customer-Based or Demand Side

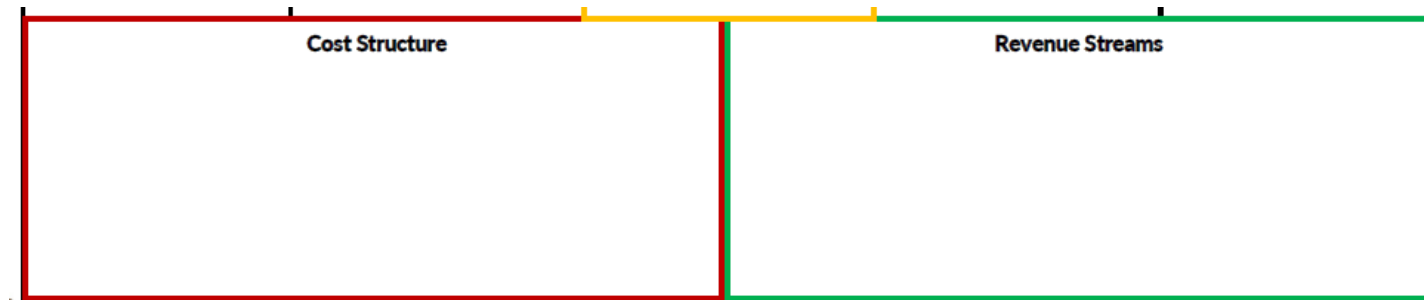


Value Proposition

**What problem is your
product/service solving
for a customer?**



How will you make a profit?



Business Model Canvas Activity



How do we know it will work?

- Ask people!
- Borrowing from Lean Startup
 - Lower cost
 - Ask if your ideas are what they want at a price they would pay for
- If your assumptions are not promising, adjust and retest.
- Repeat until your model is ‘proven’



Seek Support

- UW-Madison Division of Extension
- Small Business Development Center
- Food Finance Institute
- WI Economic Development Corporation
- Local Economic Development
- Other organizations or consultancy firms



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An aerial photograph of a farm with rolling green fields, a white barn, and a small pond. The image is used as a background for the navigation menu.

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- Financial
- Business Development, Transition & Succession
- Policy, Markets & Marketing
- Human Resources
- Safety & Health
- COVID-19

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Follow Up Links

- SWOT Analysis [Article](#) and [Video](#)
- [Establishing Your Values and Purpose Module](#)
(worksheets on creating your values, vision, mission)
- [Using the Business Model Canvas to Refine Your Farm Business Idea](#)
- [Creating a Value-Added Business Model that Works](#)
- [Set Your Farm Strategy with Daily Habits](#)
- [Sign up](#) for our Farm Management Newsletter
- Getting Started with Your Food and Farm Business:
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