

A Dozen Do's

Keep your farm or ranch steering toward success with these essential strategies.

by Kindra Gordon, field editor

Strategy. It's what is needed to win in sports, achieve as an organization and be viable in business. What strategies work best for those in agriculture? Renowned ag economist and Virginia Tech emeritus professor David Kohl offers this checklist for agriculturists to consider.

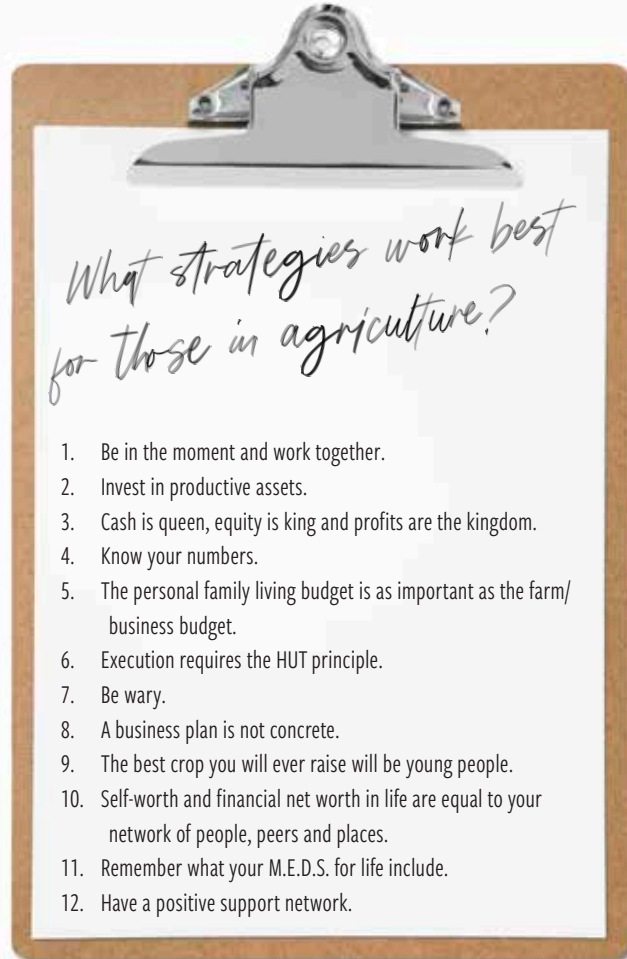
1. **Be in the moment and work together.** Kohl advises, "Either you control your own time, or others will."
2. **Invest in productive assets.** This includes yourself, Kohl says, who encourages taking care of your mental, physical and spiritual self.
3. **Cash is queen, equity is king and profits are the kingdom,** believes Kohl, who explains, "Cash is the queen of the financial chessboard, providing or blocking opportunities."
4. **Know your numbers.** Kohl cautions, "Be careful of managing a business only by the spreadsheet. Balance your head (numbers) with your heart (passion)."
5. **The personal family living budget is as important as the farm/business budget,** Kohl says. He adds, "Opportunity requires sacrifices and separation of expenses."
6. **Execution requires the HUT principle,** which Kohl explains stands for Hear, Understand

and Take action. He notes the "take action" is often the biggest obstacle for people.

7. **Be wary:** if it grows too fast, then it is a weed. Kohl cautions business can outgrow working capital and business acumen.
8. **A business plan is not concrete.** Rather, Kohl says, "It should

always be evolving through the four cornerstones of plan, strategize, execute and monitor."

9. **The best crop you will ever raise will be young people,** be that children, grandchildren or other youth.



10. **Self-worth and financial net worth in life are equal to your network of people, peers and places.**

11. **Remember your M.E.D.S. for life include:** **M**editate to shut down drama, hear the silence and strive for peace; **E**xercise for endorphins and a routine of work-life balance; consume a **D**iet to sustain physical health and indulge once in a while; and **S**leep to replenish the body.

12. **Have a positive support network** that contains a team of advisors including your lender, uses family and peers as a sounding board for alternative decisions, and employs a proactive planning approach with scenario planning for A, B, C, and D and critical thinking of unintended consequences.

Eyeing opportunities

Kohl suggests another key strategy for business success is to keep your eyes open to what is occurring locally as well as globally — and from that, opportunities may surface.

As a co-owner and operator of a creamery in the Northeast, Kohl has had firsthand experience to consumers' changing behaviors as a result of the pandemic. At their creamery, he reports, home delivery skyrocketed — along with ice cream sales. Regarding the ice cream, Kohl attributed it to, "people wanting to enjoy themselves."

That said, Kohl believes the pandemic has helped consumers realize the value and importance in having a diversified, safe food, fiber and fuel source. He believes this is also creating opportunities to

reposition the image of agriculture with emphasis on transparency from farm to table, elevating the focus of stewardship and farmers' role in protecting healthy soil and water to in turn contribute to a healthy environment, and opening future opportunities for local niche markets and agritourism.

It simply requires watching for those opportunities to surface. Going forward, Kohl is watching several factors to anticipate how the economy may respond, including:


Trade agreements. Kohl is keeping his eyes on China, Russia, Australia and Europe. He anticipates trade uncertainty to continue and even potential splits between countries.

Consumers. Kohl says consumer spending will dictate when restaurants and the economy may see a move away from recession. He notes many consumers are spending minimally right now and plan to budget well into the future.

Bio-shocks. Kohl is monitoring

several potential COVID disruptors including supply and demand shifts, cyber attacks, the balance between privacy and artificial intelligence, concentration, deglobalization, and new business models.

He says, "The drivers are government and society, business and consumers ... the impact can be extreme volatility."

As an example, Kohl points out for seven decades the world has focused on globalization, and now the pandemic is prompting a shift toward localization and regionalization — which he says could spell new opportunities for agriculture. 

Editor's note: Kohl shared comments virtually during the Farm Journal Field Days in August 2020.

Projections for 2021

What is economist David Kohl anticipating in the new year?

He suggests new leaders will emerge — inside and outside of agriculture — with new ideas and new business models. Along with that, Kohl says remote work, online instruction and virtual events are going to take hold and be balanced as an alternative to in-person activities — even as the pandemic subsides because of the convenience they offer.

Kohl believes the influence of consumers, society and politics will drive more scrutiny of consolidation and concentration within agriculture. He anticipates opportunities will emerge for smaller, regionalized businesses such as meat processors and other niche markets. Kohl believes the term "Glocal," which represents both global and local, will gain steam.

Regarding transparency in food production, Kohl believes stewardship and the healthy soil and water efforts in the United States could provide a competitive advantage for future food production. He anticipates people will focus more on their own health and thus put more emphasis on healthy food grown in a healthy environment.