

# Four Strategic Steps to a Better Business

*Take time for business, financial and personal planning.*

*by Kindra Gordon, field editor*

When you flip the calendar from one month to the next or transition from one season to another, are you taking time to reflect on what went well and what could be improved upon? Harnessing the ability to reflect and identify stress points and successes can be a powerful tool within business management, point out ag economists David Widmer and Brent Gloy.

The duo, who together offer services through their company, Agricultural Economic Insights, recently shared their thoughts about strategic business planning with farm and ranch producers via an end-of-year webinar sponsored by Farm Credit Services of America.

In anticipating long-range planning for five to 10 years — especially after a year like 2020, Gloy and Widmer encourage producers to take some time for business, financial and personal planning. They suggest this framework of questions for evaluating:

**Step 1: Review.** Consider what went well and what went poorly this past year. Widmer recommends looking at projections vs. actual for yields, livestock production, costs and even government payments. He suggests then considering: How does all of that play into performance? How much of your financial performance was driven by government funds? How did your balance sheet trend (i.e., working capital, debt, etc.)? Ultimately where does your operation stand?

“These are questions that help reveal the picture ahead,” Widmer says. He adds regular evaluation of these questions should become a part of business planning during the year. Otherwise, when it is simply an end-of-year chore, it does not offer the same decision-making power and insights for producers and managers.

## Step 2: Evaluate goals.

“Why are you doing what you do? What is keeping you awake at night? Where do you want to be in five to 10 years?” Widmer suggests pondering those questions to also help guide future decisions and planning.

Gloy emphasizes writing your goals down. He says, “If you don’t write them down, it’s a dream. Putting goals onto paper is powerful. It makes them vivid and specific.”

Gloy admits putting goals on paper “can feel uncomfortable,” but he suggests, “take a baby step and write a couple down.”

**Step 3: Review your network.** “Who influences your thinking?” Widmer asks. He suggests producers do an inventory of their team members, family, friends, trusted advisors, paid consultants and even consider the marketing or media outlets they utilize for information that influence daily decisions and thinking.

From that list, Widmer then suggests considering, “What are the gaps or redundancies?”

Additionally, he suggests looking at your network and your goals to determine if you need to bring new people into your network to help achieve goals. In some situations, it may also reveal some of the people you’ve relied upon are not providing the feedback you need. Specifically, Widmer says, “Your network



should provide honest, actionable feedback to you that helps you pursue your goals.”

He points out that is much different than someone who tells you what you want to hear.

**Step 4: Be prepared to pivot.** Gloy and Widmer both emphasize those who are willing to quickly change course when factors dictate change is needed tend to recover — or survive — at a higher rate. Widmer advises producers must “avoid getting caught up in the ‘luck’ narrative.” He expounds that

just because you got lucky by doing something one year, does not mean it is going to work every year.


“Pivot when things go awry,”

Widmer says.

He encourages producers to have a risk management plan, review it, and consider what can be done to improve decision-making progress.

That said, he also encourages producers not to beat themselves up too badly when decisions do not play out as planned.

Rather, he advises learning from those situations, and he points to a Winston Churchill quote for

perspective: “One must never forget when misfortunes come that it is quite possible they are saving one from something much worse; or that when you make some great mistake, it may very easily serve you better than the best-advised decision.” 

*Editor's note: Read weekly insights about the ag economy from Widmer and Gloy at <https://aei.ag/weekly-insights/>.*



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