



Ag Biz Planner

**Young, Beginning, Small and Minority Farmer
eLearning Curriculum**

Workbook



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Module 1
Megatrends of Agriculture
Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Of the mega trends discussed in Module 1, which one or two trends are having the biggest influence on your industry or your business today? What trends will impact your future?
2. For your specific business model or enterprise, what are global and domestic competitors doing to impact your industry or business?
3. Interview a respected leader in agriculture business or the community. How did they capitalize on past trends? How are they positioning to take advantage of future trends?
4. What has been an interesting article, podcast or YouTube video that has sparked your attention, either positively or negatively? How could it impact the industry and your business?
5. Discuss how the current health of the domestic and/or global economy is impacting how you do business.

Application Exercises

Complete each exercise below.

After reviewing the megatrends module and text concerning the discussion questions, how will one or two of these trends impact your business model? Be specific:

Issues:

Strategies:

Actions:

Module 2

Strategic Business Planning

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a person that has conducted strategic planning and has completed a business plan. How was it useful in their success in operating an effective business?
2. Interview a lender or business person who analyzes business plans. What are some of the do's and don'ts in developing a plan?
3. Review some old CNBC Shark Tank programs. Identify elements that were successful versus unsuccessful attempts in making a pitch to the Shark Tank team.
4. Find a farm, ranch or business person that sets goals on a regular basis. What specific goal did they discuss, and how does setting goals assist in their success?
5. Talk with a person who has developed a business plan. Discuss how many hours it required to develop their business plan and who was involved. Do they still use the strategic business planning process?

Application Exercises

Complete each exercise below.

1. SWOT Analysis

Now that we have discussed the SWOT analysis, let's pause for a moment and let you conduct a mini SWOT analysis of your own business. This will get you started on your business plan. List at least two items in each of the categories below.

Strengths:

Weaknesses:

Opportunities:

Module 2: Strategic Business Planning

Threats:

2. Business History and General Description

What are three important bullet points that should be included in the history and general description of your business? List them below.

- 1.
- 2.
- 3.

3. Vision, Core Values, and Mission

List several key words that should be included in your business' vision, core values, and mission statement.

- 1.
- 2.
- 3.

4. Define Success

Define what you consider success to be using five to seven key words.

Module 3
Borrower-Lender Relationships
Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Discuss with your mentor some of the mistakes that have been observed on credit scores and reports over the years.
2. Interview your mentor, accountant or lawyer concerning business organization types such as LLC, sole proprietorship, and corporation to figure out which type may be applicable to your situation.
3. Examine the checklist for financial documentation with your mentor. Do they have any other suggestions?
4. Interview a lender or person familiar with the borrower-lender relationship. What are some changes they have observed in the past? What do they expect concerning changes on the horizon?
5. Interview a lender and/or an experienced borrower concerning the do's and don'ts of the borrower-lender relationship. Attempt to come up with five bulleted statements for do's and five for don'ts.

Application Exercises

Complete each exercise below.

1. Check Your Credit Score and Report

Now that we have discussed credit reports, go to www.annualcreditreport.com and request your free credit report. Review this document with your mentor or lender. Identify your strengths and areas for improvement. Spouses, partners and other stakeholders that are important to your business success should check their credit report also.

2. Complete the Lender and Documentation Preparation and Planning Checklist

Please complete the checklist below to see which items are in progress or not complete and develop a game plan for completing these items.

Module 3: Borrower-Lender Relationships

Lender and Documentation Preparation and Planning Checklist

<u>Item</u>	<u>Yes</u>	<u>No</u>	<u>In Progress</u>	<u>Expected Date of Completion</u>
1. Business vision and core values				
2. Short and long-term goals: business, family and personal				
3. Up to date credit scores & reports				
4. Documentation of wills and insurance (life, health, disability, liability and compliance)				
5. Accurate disclosure of key business & personal information, i.e. pending lawsuits, divorce, etc.				
6. Business licenses and documentation of legal entities, deeds, partnership and corporate agreements, cattle registrations and crop records				
7. Current accurate balance sheet				
8. Current accurate income statement with tax records verified				
9. Projected cash flow with assumptions & estimates documented in writing				
10. Scenario testing with key assumptions (production, price, cost)				

3. Assess Your Business Organization Type

Assess your business organization type. Develop preliminary documents or update as needed if you already have a business organization established.

Module 4
The Balance Sheet
Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a lender. What are some of the common mistakes he/she often observes when customers fill out the balance sheet?
2. Interview a producer. How has the balance sheet been used as a tool in managing their business and overall decision-making?
3. Interview a lender concerning what they prefer to see as supporting schedules for balance sheet values.
4. Interview a lender or business person. What advice can they give you about valuing assets and liabilities?
5. Interview a lender. Do they have any benchmarks for net worth for young farmers and ranchers, or those at various stages of life?

Application Exercises

Complete each exercise below.

1. Complete a business balance sheet. Make sure to list all assets and liabilities backed by documented schedules.
2. Now complete a personal balance sheet. Compare the bottom line results to the business balance sheet.
3. Visit with your lender or mentor concerning the balance sheet. Do they have any observations and/or perspectives?

Module 5

Cash and Accrual Income Statements

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a lender to find out some of the common mistakes that producers make in decision utilizing Schedule F in managing the business.
2. Interview a lender or an accountant concerning how tax management strategies through the Schedule F can result in adverse situations. How has the Schedule F been used in a positive way?
3. Interview a lender concerning what they look for when analyzing a Schedule F, and list the items discussed.
4. Interview a lender concerning the value of accrual-adjusted income statements. What key points did you learn?
5. Interview a lender concerning some tips in completing an accrual-adjusted income statement. Do they often find wide variances in bottom line profits when comparing the cash Schedule F to accrual-adjusted results?

Application Exercises

Complete each exercise below.

1. Your first task is to complete a cash income statement based upon your Schedule F. If a new business, then develop a projected income statement.
2. Next, gather your beginning and ending balance sheets. Utilizing the cash to accrual worksheets make the necessary adjustments in inventory, accounts receivables, prepaids, accrued expenses, etc.
3. Schedule a meeting with your mentor or lender to review the results.

Module 6

Cash Flow Planning

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a business person or lender concerning developing cash flow projections. How do they determine assumptions, estimates of revenue and expenses? Do they have any tips for businesses that have no track record?
2. Interview a business person or lender concerning cash flow. What were the items that they often observed that were sensitivity tested? What specific items and parameters were adjusted?
3. Interview a lender concerning what they look for when analyzing the cash flow statements.
4. Interview a business person or lender on the use of comparing the variance between projected and actual cash flow results. How often are results analyzed and is it a useful management tool?
5. Interview a lender on what they look for in a family living budget. Do they have any guidelines that have been useful?

Application Exercises

Complete each exercise below.

1. Develop a projected quarterly or monthly cash flow for your business. Include assumptions on price, cost, interest rates, etc.
2. After you have developed the projected cash flow, then sensitivity test some of the key variables and determine the impact on the bottom line cash flow. Which variables are most critical?
3. Develop an annual family living budget utilizing some of the templates as a model. Did you have any surprises?

Module 7

Balance Sheet Ratios and Financial Analysis

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a lender on the red flags that they look for when analyzing business balance sheets.
2. Interview a lender on the red flags that they look for when analyzing the personal balance sheet.
3. You were introduced to methods used to evaluate character, one of the C's in the credit equation. Interview a lender concerning character and contrast and compare findings.
4. You were introduced to the Business IQ: Management Factors Scorecard. Interview a lender to determine how they analyze management ability or management potential.
5. Interview a lender and determine what balance sheet benchmarks they often utilize such as working capital, equity, net worth growth (earned vs. appreciated), etc.

Application Exercises

Complete each exercise below.

1. Analyze the business balance sheet utilizing key ratios discussed in the module. If you have market basis balance sheets, conduct this exercise on multiple years (trend analysis).
2. Compare your financial ratios and benchmark data with FINBIN data <https://finbin.umn.edu/> or other state or local record data systems. What are your strengths and areas for improvement? Go over the results with your lender.
3. Analyze a few key financial, liquidity and debt ratios on your personal balance sheet. What are your strengths and areas for improvement?
4. Please complete the Business IQ: Management Factors Scorecard. If there are multiple partners, then complete separately then compare and contrast results and discuss with your mentor.

Business IQ: Management Factors Critical Questions for Crucial Conversations

Customer Checklist	Green (3-4 points*)	Yellow (2 points)	Red (1 point)
1. Knows cost of production	Written	In head	No idea
2. Knows cost of production by enterprise	Written	In head	No idea
3. Goals- business, family & personal	Written	In head	No idea
4. Record keeping system	Accrual	Schedule F (one & done)	No idea
5. Projected cash flow	Written	In head	No idea
6. Sensitivity analysis	Written	In head	No idea
7. Understand financial ratios, break evens	Written	In head	No idea
8. Work with advisory team and lender	Yes	Sometimes	Never
9. Marketing plan written and executed	Yes	Sometimes	Never
10. Risk management plan executed	Yes	Sometimes	Never
11. Modest lifestyle habits, family living budget	Yes	Sometimes	Non existent
12. Written plan for improvement executed	Yes	Sometimes	Non existent
13. Transition plan/Business Owner plan	Yes	Working on plan	Non existent/controversy
14. Educational seminars/courses	Yes	Sometimes	Never attend
15. Attitude	Proactive	Reactive	Indifferent

***Extra Points:**

- **Progressive Business** may receive 4 points for #2,6,7,8,14
- **Struggling Business attempting turnaround** may receive 4 points for #3,5,8,11,12

Score	Overall Analysis
35-50	Strong management rating & viability
20-34	Moderate risk & viability; will most likely show previous refinancing
<20	High risk & lack of long term viability

Module 8

Repayment Analysis, Profitability and Financial Efficiency

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Repayment capacity and profitability are very important to ensure businesses can repay borrowed funds. Interview a lender and determine what they look for in this area.
2. In the same interview, discuss differences of interpretation for a young, beginning producer compared to a more tenured business.
3. Interview a lender or business person concerning profitability and financial efficiency. What specific metrics do they analyze? What are some benchmarks and guidelines they use in assessing their business? How has this assisted in improving the business?
4. Interview a lender or financial consultant concerning benchmark data concerning repayment ability, profitability and financial efficiency. Where do they get their data? Which benchmarks are the most important?
5. Interview a lender and discuss some of the most common mistakes they encounter when analyzing financial metrics.

Application Exercises

Complete each exercise below.

1. Calculate the ratios outlined in the module concerning repayment ability, profitability and financial efficiency.
2. If possible, compare your ratios using past or future projections to benchmark data. What are the strengths or areas for improvement? Utilize FINBIN data <https://finbin.umn.edu/> or other data for comparisons.
3. Schedule a meeting with your agricultural lender. Use this meeting to discuss where your business stands and how it could be improved.
4. Develop your customized dashboard of key financial ratios found in the last two modules.

Module 9

Growth and Transition Management

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a business person or a lender to find out some of their strategies for a smooth expansion of the business.
2. Interview a lender or a business person on growth and expansion. What have been some of the biggest “growth traps” or reasons for failure, prior to, during or post expansion? What are their favorite tips to avoid these situations?
3. Interview an agricultural producer or Extension agent on the use of farm enterprise budgets. Where has this tool been useful? Do they have tips and techniques in developing effective budgets?
4. Interview your mentor concerning some of the challenges that have been observed in transition management. Do they have any suggestions to overcome these challenges?
5. Find an article relating to growth, transition management or the use of enterprise budgets. Compare these findings to points and perspectives discussed in this module and how it can be applied to your business.

Application Exercises

Complete each exercise below.

1. Develop a detailed written plan concerning growth of your business. Sensitivity test key factors that were discussed in the module. How did it impact your bottom line?
2. For those that are considering a new enterprise or expanding a segment of your business, develop an enterprise budget for that segment. Sensitivity test variances and assumptions for success.
3. For those embarking on transition management, test your situation to some of the rules of thumb outlined in the module. What will be your action plan concerning your analysis?
4. Develop an executive summary for your business plan. Utilize the reading as your guide.

Module 10
Leadership, Communication and Ethics
Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Go to YouTube and view the presentation on leadership by Simon Sinek, "What is your WHY? How Great Leaders Inspire Action." How is his discussion applicable to leadership in agriculture?
2. View a video on leadership in which coaches, athletes, business people, etc. are interviewed. What are the common core attributes that are applicable to this course?
3. There are some very good examples of do's and don'ts in communication and public relations in agriculture. Present your example and discuss implications it has for the industry or the business.
4. This module discussed telling your story. Provide an example, either positive or negative, on a story representative of the agricultural industry.
5. Provide some examples of ethical lapses in business in recent years. What are some of the lessons learned?

Application Exercises

Complete each exercise below.

1. Of the ten points discussed on leadership, select one or two and develop a game plan for improving your leadership skills.
2. Develop an outline for a media press release about your business.
3. List five company core values that you would include in your code of ethics such as trust, integrity, etc.