

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Please Review the Following Before You Proceed With the Workshop

This workshop has been designed for facilitated learning. Facilitated learning, (a.k.a. experiential learning) is very different than traditional lecture workshops. In this workshop a majority of the time is devoted to the participants working in small groups on set projects or exercises. The following is a description of the process.

- Facilitator (teacher) presents an orientation on the subject.
- Facilitator divides workshop participants into small groups.
- Facilitator gives participants the assignment (exercise).
- While the group is working; facilitator serves as guide for the small group.
- As work in each group proceeds the facilitator provides each with an overhead transparency to order to share their exercise with the larger group.
- Facilitator draws out discussion as each of the small group "report out".
- Facilitator summarizes and draws out points that may have been missed.

When the process works the facilitator will often observe:

- Participants struggling individually to understand and grasp the concept or principals.
- Participants individually relating the principal to the case study example.
- Participants willing to work together to discuss their individual findings.
- Participants wanting a consensus.
- Participants recognizing a leader/ spokesperson.

The facilitator should remind participants that they should:

- record and share their findings with the entire group of participants.
- clarify their thoughts and frame a response to share with workshop.
- support their spokesperson when response is presented to workshop.
- understand the exercise sufficiently to apply the principal to their own farm business.

This takes time... don't rush the process... Go with the Flow!

It is very easy to fall into the rut of lecturing. Understand that the focus of this workshop is not what being taught but rather what is being learned and applied. Provide adequate time for this.

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

The following is a list of Homework Assignments, Exercises and Handouts for the *AgVentures* Business Arrangements & Farm Transfers workshop. Note that there is also an addendum that contains additional material that may be used to enhance individual sessions.

Homework Assignments:

Homework Assignment I: People Considerations - *Are You Ready to Farm Together?*

Homework Assignment II: People Considerations - *Stress Test*

Homework Assignment IV: Planning for Unexpected Future Events - *5 D's Management Plan*

Group Exercises (please keep in mind that although there is a copy of the exercise in each participant's binder, the facilitator should bring EXTRA copies of each):

Exercise 1&2: People Considerations
Conflict Resolution
Rating your Goals

Exercise 3&4: Financial Considerations
SWOT Analysis
Optional:
Evaluating Personal Expense
History of Family

Exercise 5: Tax Considerations
Tax Implications

Exercise 6&7: Beginning Business Arrangements
SWOT Analysis of Selecting a Business Arrangement



Exercise 8: 5 D's

Development of a Risk Management Plan

Exercise 9, 10, 11: Putting it all Together

SWOT Analysis: People, Tax and Financial Considerations

Identifying Actions

Prioritizing Actions

Handouts:

People Considerations: *Goal Setting and Action Planning*

Financial Considerations: *Family Living Worksheet*

Addendum:

Overheads and additional material to be used as handouts, exercises, etc.

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Workshop I - Warm-up Activity

Ice Breaker: *What Am I?*

Concepts Covered: Introductions, Communication

Objective: To figure out the name of the animal on the nametag on your back

Items required: Nametags and a felt tip pen

This is a very simple game to get people who don't know each other very well to interact

On self-sticking nametags, write the names of animals. Place a nametag on the back of each participant, keeping it's identity unknown. Everyone is to introduce himself or herself to someone and then ask 3 to 5 "yes-no" types of questions to help them determine their animal. Run the game for about 5 minutes. Ask how many people know what their animal is. Then ask how many people they met and how many names they remember. Then ask each person to find out more about the last person they last got information from and ask them to induce each other to the group.

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

People Considerations

TIME ALLOWED: 1-½ hours

LEARNER OBJECTIVE(S):

- *The learner will practice a simple and effective system of communication.*
- *The learner will explore conflict and the role communication plays in resolving it.*
- *The learner will begin to identify and communicate individual and business goals.*

TEACHING STEPS:

1. *Activity - Let's tie a necktie!* Use several neckties with several of volunteers from the group. Time the activity to three minutes maximum. Have participants pair up with one of the pair giving instructions on how to tie a necktie. The other member of the pair should follow the instructions exactly. Try putting the pairs back to back. Use a minute or two to reflect the observations of the volunteers.
Listening = Effective Communication
2. Using the overhead "Elements of the Communication Process" carefully develop this key concept. You might want to ask the participants to relate some of the necktie experiences to this.
3. Use overhead "Family Communication" to stress that communication is a key element in any kind. Move quickly to review the guidelines for effective communication. Identify some examples from your experience that fit each of the six points of effective communications. Draw comments from the group. (Keep this it light, use JOKES to help them open up).
4. Review the four items on how communication shuts down. Before the session starts, identify some examples from your experience that illustrate these points. Draw comments from the group. Opening up Communications:
5. Conflict happens, in fact conflict is normal and one could argue that it is healthy. Impress on the learners that a reasonable goal for conflict is to identify it and use strong

6. communication skills to resolve it when possible. Aiming at eliminating conflict is not a reasonable goal!
7. Conflict often arises from a lack of communication. Go over methods for communicating effectively.
8. *Exercise - Conflict Resolution:* Have participants reflect on issues of conflict on their own farm and share with group. Pose a question to the group about whether or not anyone has had a conflict that turned out well and that they would like to share.
9. *Exercise - Rating your Goals:* Have each participant score each specific goal listed; if spouse or business partner is present they should do this exercise together. Briefly discuss follow-up questions to exercise.
10. *Handout: Goal Setting and Action Planning*
11. *Homework Assignments I & II: Are you Ready to Farm Together? and Stress Test.*
 - a. Due: next session. **Bring Extra Copies**

OPTIONAL

(Refer to Facilitator's Notes - Additional Materials section):

12. If you have time explore "A Trip to Abilene" in the support additional materials section. Optional: develop a strategy for communication methods on farm; include activity, involvement, best ways to communicate.
13. *Exercise - Mind-Mapping:* Using mind-mapping overhead, talk about differences between an agricultural background vs not. What are the conflicts that you have with others. Get group to know themselves and the influences the "outside world" has on them. Relate back into own family.
14. *SWOT Analysis:* Using the overhead explain the SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats).
Exercise - SWOT Analysis: Have each person complete Part I: Internal Analysis and Part II: External Analysis for their business or enterprise. Discuss outcomes.
15. *Long-term vs. Short Term Goals:* Using the overhead Long-Term vs. Short-Term Goals briefly go over the importance of both long and short-term goals. Use the acronym DRIVE (long-term) and SMART (short-term) when defining each type of goal.
16. *Handout: My Wants, Hopes and Wishes For Our Farm Operation* to each participant. Let them take it home and do themselves. Use as tool. **Bring Extra Copies**

NOTE: Communication, Methods and Activity are important in this session.

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Financial Considerations

TIME ALLOWED: 1 hour

LEARNER OBJECTIVE(S):

- *Learner will gain an understanding of financial statements and how these can be applied to planning a new far business arrangement.*
- *Learner will grasp the concept that there must be sufficient profit and earnings in the business to launch a new arrangement or transfer.*

TEACHING STEPS:

1. Using overheads introduce the Balance Sheet, Farm Earnings Statement and the Cash Flow Statement. Highlight Key Issues.
2. Discuss the need for sufficient profit and earnings in the business to successfully bring another operator into the business.
3. Introduce Case Farm Study, Part I.
4. *Exercise: Personal Expense.* Have each family group discuss how much are they spending on personal/family living. Give enough time for each side of family (mom/dad/junior) to discuss.
5. *Exercise: SWOT Analysis:* Using the SWOT Analysis overhead explain Strengths, Weaknesses, Opportunities and Threats.

Have each person complete Part I: Internal Analysis and Part II: External Analysis for their business or enterprise. Discuss outcomes.

Or

6. *Handout: Family Living Worksheet*
7. *Homework Assignment III: Evaluating Financial Performance.*

OPTIONAL

8. Have a group discussion on their “Vision” (from Strategic Planning)
9. Bring up/back the discussion of Conflict Resolution
10. *Exercise: History of Family.* What did Grandma & Grandpa do? Remind them of family history and the relationship to money.

Special note: At first the material in the case study may seem very thin. There should be sufficient information for the participants to gain the insights anticipated. Be prepared to field specific questions about the case farm. Be ready to respond to the participants’ specific questions, but then redirect their attention to the specific task at hand outlined in the exercise.

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Workshop II - Warm-up Activity

The Game:

Participants form two lines facing each other, then shake hands and introduce themselves to their partner who is directly across from them in line. Explain procedure to participants.

1. Leader asks a question.
2. Participants discuss their answer to the question with partner for one minute.
3. When everyone has had a chance to respond, everyone moves one space to their right.
4. Process is repeated with succeeding questions for about 10 minutes.

Sample Questions:

1. What type of a farming operation do you have?
2. When/how did you get started in farming?
3. Do you raise all your own feed, raise some and buy some, or buy all of it? Why?
4. What do you hope to learn from the *AgVentures* Business Arrangements Workshop?
5. Where do you see your operation heading in the next 5 to 10 years?
6. What are some long- and/or short-term goals for your operation?

At the end of the activity, have each person introduce their last partner by telling something they learned about her/him.



AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes Tax Considerations

TIME ALLOWED: 1-½ hours

LEARNER OBJECTIVE(S):

- Learner will come to a general awareness of farm asset transfer transactions related to tax considerations.

TEACHING STEPS:

1. Using the overheads or powerpoint presentation provided proceed through the examples with brief discussion on each point.
2. Challenge the participants to respond and answer the questions presented in the examples.
3. Conclude with a review of farm asset transfer transactions and the tax implications of each of these to each of the parties involved.
 - a. Sale
 - b. Gift
 - c. Transfer at Death
 - d. Trade
 - e. Transferring to a business entity
4. *Exercise: Tax Implications.*

NOTE: This section is organized very much like a lecture. Use material as you see fit. **It is highly recommended that someone with a very strong current working knowledge of tax law and preparation present this material**

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Beginning Business Agreements

TIME ALLOWED: 1 hour

LEARNER OBJECTIVE(S):

- *Learner will understand some common forms of Business Arrangements when satisfying a joint farm operation.*
- *Learner will understand key aspects including financial component of beginning farm operations.*

TEACHING STEPS:

1. Introduce Case Farm Study, Part II
2. Using overheads hold a group discussion on the various employer-employee business arrangements, operating agreement and leasing agreements that are available. Outline the strengths and weaknesses of each. Describe a situation or circumstance that may make each option the right choice.
3. **SWOT Analysis:** Using the SWOT Analysis overhead review Strengths, Weaknesses, Opportunities and Threats.
4. *Exercise - SWOT Analysis.* Have each person complete Part I: Internal Analysis and Part II: External Analysis for their business or enterprise. Discuss outcomes.
Or
Using Case Farm Study, Part I do a SWOT Analysis of the business arrangement selected. Remind participants that they need to consider they type of business arrangement, transfer for farm assets and debts, and the transfer of management and labor resources. Have each group report back their answers.
5. *Exercise: Selecting a Business Arrangement.* Set up small discussion groups. Using Case Farm Study, have each group select a business arrangement and financial terms. Report back to entire group the selected business arrangement.



AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Workshop III - Warm-up Activity

Activity: *Who are they?*

Concepts Covered: Communication

Objective: To learn about each other

This activity is designed to get to know another person in the workshop. Have participants sit in a different seat than they have been in the last two sessions, or count off by twos. Give each pair 10 minutes to talk with each other. (Note: Person they sit next to cannot be a spouse, business partner or someone they came with)

After the 10 minutes is up, ask a few pairs to introduce the person they just met to the group. Make it clear that they will have to state something of a personal nature about the person. For example: "This is Mr. Webb. He lives in Grover's Corners and is editor of their local paper *The Sentinel*."



AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

Farm Business Arrangement Alternatives

TIME ALLOWED: 1 hour 30 minutes

LEARNER OBJECTIVE(S):

- *Learner will understand the LLC as an intermediate step in farm transition planning*
- *Learner will understand the key aspects, including financial components of the LLC*

TEACHING STEPS:

1. Using overheads have a group discussion on the various business arrangements: Sole Proprietorship, Partnership, Corporations and LLCs. Outline the strengths and weaknesses of each. Describe a situation or circumstance that may make each option the right choice.
2. Set up small discussion groups. Using Case Farm Study #2, have each group select a business arrangement and financial terms. Report back to an entire group selected business arrangement
3. *Exercise - SWOT Analysis:* of the business arrangement and terms selected for Case Farm Study #2. Remind participants that they need to consider the type of business arrangement, transfer of farm assets and debts, and the transfer of management and labor resources. Have each group report back their answers.
4. Summarize discussion of each group.

NOTE: It is highly recommended that someone with a very strong current working knowledge of tax law and preparation presents this material.

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes

5 D's

TIME ALLOWED: 1 hour

LEARNER OBJECTIVE(S):

- *Learner will become aware of the 5 D's and associated risk.*
- *Learner will develop strategies to manage the 5 D's.*
- *Learner will incorporate the 5 D's into the management plan.*

TEACHING STEPS:

1. Identify the 5 D's and potential risks
 - a. Use overhead "Planning for Unexpected Future Events, the 5 D's" to make participants aware of the 5 D's and possible negative outcomes if the risk should occur.
 - b. If possible share examples of the outcomes, or have participants share any of their experiences. *Note: Be conscious of groups feelings/situation when they give examples.*
2. Identify Risk Management Strategies to use with each of the 5 D's.
 - a. Use overhead "Risk Management Strategies for the 5 D's." Introduce the concept that a risk management plan should be included in a business plan the same way producers now develop and use nutrition plans for feeding livestock, herd health plans for livestock, nutrient plans for manure and fertility management, etc.
 - b. Discuss different strategies with group. Have them share what strategies they are currently using.
3. *Exercise: Development of a Management Plan.* Have participants start to develop a plan for their farm. Using the worksheet "5 D's Management Plan" have each participant take one of the 5 D's and complete the line across the page. Participants should complete what was started in the session or develop the plan at home with other members of the business who contribute the process.

Explain that this format can be used to develop a plan with their present business arrangement or used as a planning tool to address a proposed business arrangement.

- ✓ The first column lists the 5 D's.
- ✓ The second column is to identify what steps have been taken to address the 5 D's at this time.
- ✓ The third column is to list any risks that are not presently addressed.
- ✓ Next, rank the probability of this risk occurring in the business using a H-M-L ranking.
- ✓ In the fifth column, indicate the impact on the business if these risks should occur, using the H-M-L ranking.
- ✓ The sixth column is to determine a priority ranking of risks to be addressed. Participants should number the risks in order of priority using the previous two columns to help with the ranking. This will give an idea of where to start.
- ✓ The last column is to list some action steps to take in the priority areas identified.

Additional Material available in addendum:

Overheads of the 5 D's and Risk Management Strategies.

Williams, Roger T. "Farm Family Communication and Relationship Building"

AgVentures

Business Arrangements & Farm Transfers

Facilitator's Notes Putting it All Together

TIME ALLOWED: 30 minutes

LEARNER OBJECTIVE(S):

- Learner will apply final SWOT analysis to case farm study to develop a system of farm business arrangement planning
- Learners will bring the workshop to conclusion and demonstrate planning skill gained.

TEACHING STEPS:

NOTE: Given the constraint of time you may only want to work on a single worksheet or example for the exercises.

1. *Exercise: SWOT Analysis.* Using worksheets 1a, 1b and 1c, participants will apply SWOT analysis on People, Tax and Financial Considerations. Pay special attention to the development of “actions needed.” This will form the basis for the planning process to come.
2. *Exercise: Identifying Actions.* Have the participants reword the “actions needed” as strong statements and record these on worksheet #2. If possible take time to share a couple of examples with the group.
3. *Exercise: Prioritizing Actions.* Have the participants establish and record a priority for all of the “actions needed” listed on worksheet #2. Have each participant select a single “action needed” from worksheet #2. With this have them complete worksheet #3 for that action item. Pay particular attention to have them get as specific as possible about the action plan.
4. Challenge them to produce the same sort of analysis for their farm business.



AgVentures
**Business Arrangements
& Farm Transfers**

Facilitator's Notes

Addendum
Additional Materials
Including Handouts and Overheads

The following materials are added as addendum to specific sections. Use is determined by facilitator. NOTE: Not all of the material is in the participant binder. Copies may need to be made and handed out.

The Trip to Abilene: A Parable

A young man and his bride are visiting her folks in the town of Coleman, Texas. Coleman is in the middle of the plains and the wind blows and it get hot. It is the middle of the summer and there is not much to do in Coleman, a town of about 5,000 people. The young man, his wife and the parents-in-law are sitting around on a Sunday afternoon, drinking lemonade and playing dominoes. From all appearances, the family is having a good time, when suddenly and surprisingly the father-in-law says, "Why don't we all get dressed and drive to Abilene and have dinner in the cafeteria?" The young man thinks to himself, "Good night! There is nothing I would like to do less than to drive to Abilene". Abilene is 53 miles from Coleman, over a winding road. He knows that the automobile does not have air conditioning and in order to keep the wind from blowing the dust into the automobile, they will have to drive with the windows up. He also knows that the only place to eat this is open in Abilene on a Sunday afternoon is the Good Luck Cafeteria. The food at the Good Luck Cafeteria leaves much to be desired, but he thinks, "If my father-in-law wants to go to Abilene, I guess it's all right."

So he says, "That sounds find to me. I mean if Beth (his wife) wants to go."

And she says, "Well, yes, if everyone wants to go to Abilene, that's fine – if Mother really wants to go."

Mother replies, "Oh, yes, if everyone wants to go to Abilene, that's where I want to go."

The all put on their Sunday clothes, climb into the old Buick and take a long, hot, dusty trip to Abilene. When they arrive there, sure enough, the only place open is the Good Luck Cafeteria. They have a greasy meal, crowd into the automobile and drive 53 miles home.

Finally, worn our, hot, tired, dusty, irritable, they struggle back into the house, find another glass of lemonade, and the father-in-law says, "Boy am I glad that's over! If there's anything I didn't want to do, it was to go to Abilene. I sure wouldn't have gone if you three hadn't pressured me into it!" He son-in-law says, "What do you mean you didn't want to go to Abilene? And what do you mean, we pressured you into it? I only went because the rest of you wanted to go. I didn't pressure anybody."

His wife speaks up, "What do you mean? I didn't want to go to Abilene. The only reason I went was because you, Mama, and Daddy wanted to go."

Mother chimes in, "I didn't want to go to Abilene. That's the last place in the world I wanted to go. I only went because Father and the two of you said you wanted to go."

Father expands on his previous statement, "As I said before, I didn't want to go to Abilene. I just suggested going because I was afraid everybody was really bored sitting around playing dominoes and I thought you might prefer to do something else. I was just sort of making conversation, hoping you'd suggest something better, but I really didn't expect you to take me up on my idea."

SWOT Analysis

The process of planning is a vital step in providing a farm business with a strong sense of direction. Most often this process is centered on establishing goals for the business. Somewhere in the process it is important to check the goals to see if they are realistic. A quick and efficient way to accomplish this is with a SWOT analysis.

SWOT is an analysis that identifies the strengths and weakness of business and the opportunities and threats in the business environment.

Think of doing the analysis in two parts. The first part is identifying the strengths and weaknesses within the business. In fact, we might refer to it as an *internal analysis*. To some degree the business managers have some ability to influence these factors.

For example, a young farm family that is just starting their business might identify the following strengths and weakness.

Strengths

- *Highly motivated*
- *Organized*
- *Highly productive farmland*

Weakness

- *Little equity*
- *Less than ideal facilities*
- *Poorly drained land*

Note that each of these reflect something about that specific business (internal)

The second part is identifying the opportunities and threats in the business climate that the farm operates in. In fact, we might refer to this as *external analysis*. In general, the farm business has little, if any control over these factors.

In our example that same farm family business might identify the following opportunities and threats.

Opportunities

- *Emerging market in specialty crops*
- *Near-by land available for rent*
- *Custom cropping operators*

Threats

- *Uncertain market prices*
- *Environmental regulation*
- *Growing rural non-agricultural population*



Exercise
SWOT Analysis I

When completing the SWOT analysis consider the type of business arrangement, transfer of farm assets and debts, and the transfer of management and labor resources.

Internal

(those factors the family has control over)

Strengths:

Weaknesses:

External

(those factors that are outside the control of the family)

Opportunities:

Threats:



Exercise
SWOT Analysis II

When completing the SWOT analysis consider the type of business arrangement, transfer of farm assets and debts, and the transfer of management and labor resources.

Internal

(those factors the family has control over)

Strengths:

Weaknesses:

External

(those factors that are outside the control of the family)

Opportunities:

Threats:



Exercise
SWOT Analysis III

When completing the SWOT analysis consider the type of business arrangement, transfer of farm assets and debts, and the transfer of management and labor resources.

Internal

(those factors the family has control over)

Strengths:

Weaknesses:

External

(those factors that are outside the control of the family)

Opportunities:

Threats:

Goals: Long- and Short-Term

Long-Term Goals

D.R.I.V.E.

Long-term goals help accomplish the business mission. In developing long-term goals, you will be using the acronym DRIVE, meaning your long-term goals have Direction, are Reasonable, Inspiring, are Visible in your future, and will Eventually happen. Long-term business goals allow for the individual and family goals, and the values and circumstances surrounding your business.

Short-Term Goals

S.M.A.R.T.

Short-term goals work to help you accomplish your long-term goals. To help decide if you have developed short-term goals, the acronym SMART can be a key. Short-Term goals are Specific, Measurable, Attainable, Rewarding, and Timed. They evolve out of your long-term goals and mission.

Conflict of Goals

It is not always easy to see at first, but some goals you develop may conflict with others. You will be looking at that possibility, as well as ways to resolve these conflicts. This can help you feel comfortable in achieving your goals.

Problem Solving Steps

Determining your long-term and short-term goals is easier when using problem-solving steps. These steps include:

1. Identifying the problem
2. Diagnosing the problem
3. Generating several possible solutions
4. Choosing a solution
5. Devising a tactical plan

You will be working with a case study to utilize and become familiar with these steps.

*“Excellence can be attained if you...
☺ Care more than others think is wise
☺ Risk more than others think is safe
☺ Dream more than others think is practical
☺ Expect more than others think is possible”*



Are these Long-Term Goals?

(Keep in mind that you are judging the wording of the goal; not the content of the goal itself. Remember DRIVE; a long-term goal is Directional, Reasonable, Inspiring, Visible, and Eventual)

	Yes or No
1. Build Net Worth	_____
2. Increase herd size to 140 cows within two years	_____
3. Increase farm profits	_____
4. Allow time off for personal and family activities	_____
5. Become one of the best farmers in the country	_____
6. To accumulate enough funds to send the kids to college	_____
7. Producer higher quality forages for the livestock feeding program	_____
8. To take a two week vacation next summer with the family	_____
9. Improve the quality of the breeding herd	_____
10. To become involved in community service activities	_____

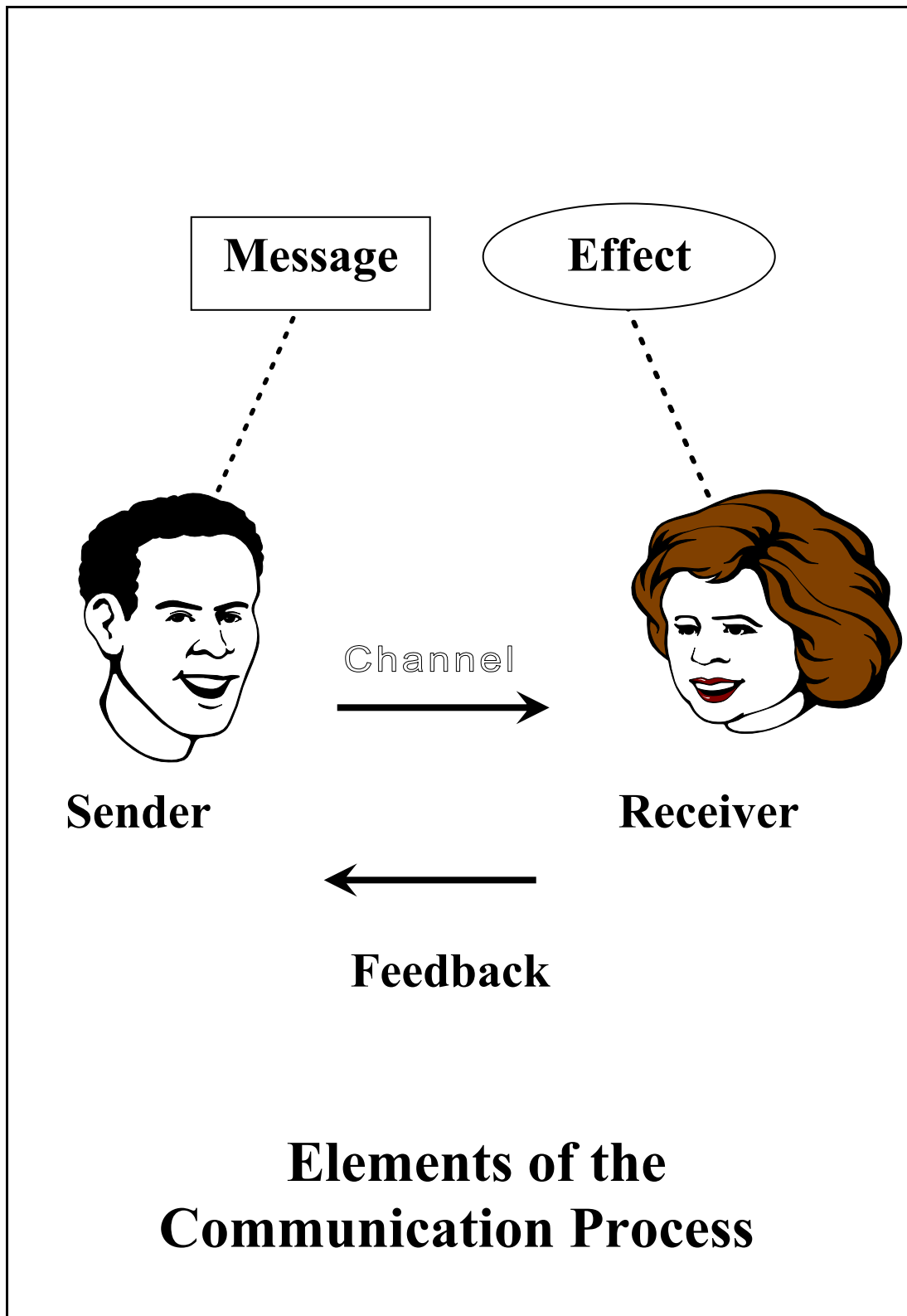
Remember, long-term goals should build upon your mission statement.

Name: _____

My Wants, Hopes and Wishes For Our Farm Operation

Directions: For each area listed, jot down your personal wants, hopes and wishes. If you are not clear about expressing these desires, it's unlikely that they will materialize.

1. Legal Arrangement
2. Financial Arrangement
3. Roles and Responsibilities
4. Personal Relationships
5. Regular Meetings
6. Problem Solving
7. What's Shared Publicly



Family Communication

Ideal Behaviors

- Communicate your wants and needs, hopes and expectations
- Respect the range of feelings other family members may experience
- Listen actively for the thoughts and feelings of others
- Problem solve with others and negotiate win/win solutions
- Praise others often; criticize others with great care
- Use adult-adult communication and treat others as adults
- Learn how to deal with your anger - report it to others
- Watch for the early warning signs of conflict and act on them

Common Behaviors

- Expect other family members to “know your wishes” or “read your mind”
- Act as if “My feelings are the only ones which count!”
- Ignore others or listen only for their ideas and ignore their feelings
- Stand firm and hold your ground; don't consider problem solving or negotiation
- Chew others out when they screw up; ignore any contributions they make
- Treat sons and daughters as “the kids”; treat parent as “the old man” or “old lady”
- Yell, scream or vent your anger; bury it or use “the cold silent treatment”
- Act as if you are not upset and ignore the signs that others are in turmoil

Long-Term Vs Short-Tem Goals

Long-Term Goals:

Directional

Reasonable

Inspiring

Visible

Eventual

Short-Term Goals:

Specific

Measurable

Attainable

Rewarding

Timed

SWOT Analysis

S

Strengths

W

Weaknesses

O

Opportunities

T

Threats

Balance Sheet

Categories of Assets and Liabilities

Assets

- a. Current
- b. Intermediate
- c. Long Term

Liabilities

- a. Current
- b. Intermediate
- c. Long Term

Net Farm Earnings Statement

A. Other Terms

- 1. Operating Statement**
- 2. Income Statement**
- 3. Profit or Loss Statement**

B. Second Statement in “Big Three”

- 1. Net Worth Statement**
- 2. Cash Flow**

Cash Flow Statement

**Summary of all Transactions
for a Period of Time
(Usually One Year)**

Information Needed for a Cash Flow Statement

- **Cash Receipts and Expenses**
- **Principal Payment**
- **New Money Borrowed**
- **Family Living Draw**
- **Capital Expenditures**
- **Asset Sales**
- **Tax Payments**
- **Non-Farm Income**

Planning for Unexpected Future Events

The 5 D's

Death

Spouse

Parent

Child

Key Manager

Major Investor

Estate Settlement Costs

Disability

Loss of Labor

Loss of Management

Cost of Health Care

Cost of Long Term Care

Erosion of Business Assets

Disaster

Loss of Crop

Loss of Buildings, cattle, equipment

Liability - Lawsuit

Environmental Disaster

Planning for Unexpected Future Events

The 5 D's

Divorce

- Loss of Labor or Management**
- Litigation Costs**
- Division of Assets**

Disagreements

- How to Take Arrangements Apart**
- Loss of Labor & Management**

Risk Management Strategies for the 5 D's

Death

- Life Insurance**
- Buy/Sell Agreements**
- Estate Plan**
- Shared Management**

Disability

- Health Insurance**
- Long Term Care Insurance**
- Shared Management**
- Power of Attorney**

Disaster

- Asset Insurance**
- Crop Insurance**
- Liability Insurance**
- Follow Current Waste and Pest Management
Plan**
- Bio Security Plan**

Risk Management Strategies for the 5 D's

Divorce

Marital Property Agreement

Adequate Priority and Time for Relationships

Identify & Communicate Goals

Improve Communication

Disagreement

Written Business Plan

Identify Rules and Responsibilities of People

Good Communications

Do Not Put It Together if You Haven't

Thought About How to Take it Apart

5 D's Management Plan

Risk	Current Risk Management Plan	Risks that are Not Addressed	Possibility of Risk Occurring H-M-L	Impact if Risk Occurs H-M-L	Priority of Risk	Steps to Take to Manage Risk
Death						
Disability						
Disaster						
Divorce						
Disagreement						