

The Business Of Farming – Prioritisation

It is not the situation but what you do about it that determines the future

By S. D. Parsons

In the last several articles I have explored the question of structuring a business for success, but where does one start? Let us assume that you have started working on the business and that you have analysed the business using the bOTSWana technique. If so you will have four lists, each identifying opportunities and threats to the business as well as the strengths and weaknesses of the business.

Quite frequently confusion arises between opportunities and weaknesses. For instance, you may have incorrectly assumed that preparing a working cashflow, so as to have a better handle on the business would be an opportunity for improving the business. No! The absence of a well-constructed cashflow (minutes of the meeting written in dollars) actually indicates a weakness in the business. In other words developing a cashflow budget should be a routine part of every business. Of course a cashflow budget is likely to improve the chances of success, but its absence only indicates weakness in current management.

I tend to distinguish between the opportunities and weaknesses on the basis that an opportunity is something external to the business. On the other hand, a weakness is something that should be occurring in any well run business and does not occur in this business. Thus a weakness may be that you have a disproportionately high investment in things you mean to keep relative to things you mean to sell. It could be poor labour relations or inattention to detail. Opportunity on the other hand may be realised through renting the neighbour's land or developing a new enterprise.

Not surprisingly we generally find that there are some under-exploited opportunities in most businesses. It often takes an outsider to see those opportunities because the managers are so caught up in the detail that they see the individual trees and are blind to the forest. In stark contrast to opportunities, unresolved differences between partners constitute a threat to the business as do drought, the potential actions of others whether government, creditors or the public at large (e.g. BSE). There are few businesses which don't face a threat or two, and without doubt there are some things that we can do better than we have done in the past i.e. there are weaknesses in virtually every business.

Having listed these different items the next step is to *build* on your strengths, *eliminate* weaknesses, *exploit* opportunities and *minimise* the threats. Believe me, you will have a fair list of things to do, so back to the question of where to start.

Quite obviously some issues will be very important while others, though not as important, will be urgent. Thus we can categorise each item according to its importance and its urgency. Human nature being what it is we tend to handle the urgent, pressing problems first while ignoring those aspects that may have a far greater impact on the success of the business. For that reason the cardinal rule is to always prioritise first according to importance. Building on an idea I got from a video, the system I have developed for determining importance is based on a rating of 1,3,5 or 50.

An item rated '1' will have virtually no impact on the success of the business. A '3' indicates it would be nice if this could be done but is of little consequence in determining success. Five means this item is very important to the success of the business while a '50' means this issue will either make or break the business depending upon whether it is positive or negative. There are unlikely to be many '50's in your list but if there are they will most likely fall in the category of opportunity or threat. You better pay attention to them even if they are not at all urgent. Therefore, the next step is to establish how urgent each issue is. It may be that an item which is a '5' in terms of importance is very much more urgent than something rated a '50' and therefore should take precedence.

We use 1 to 9 to rate urgency, where a '1' means not at all urgent but a '9' means it should have been done yesterday. In summary you should now have a list of things that need to be done. Rather than a mere jumbled list each item will be rated first according to its importance and secondly according to its urgency. A well-constructed and prioritised bOTSWana analysis establishes an agenda for future WOTB meetings. Instead of simply jumping from crisis to crisis it provides a base for achieving a successful business.

In the next few articles I plan to identify some 'red flags', or warning signs, that I look for when I visit a farm or other business.

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