



# What...

Should We Do

# ...Next?

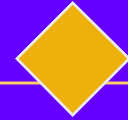


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*Resources for today's dairy industry*



# Discussion Topics

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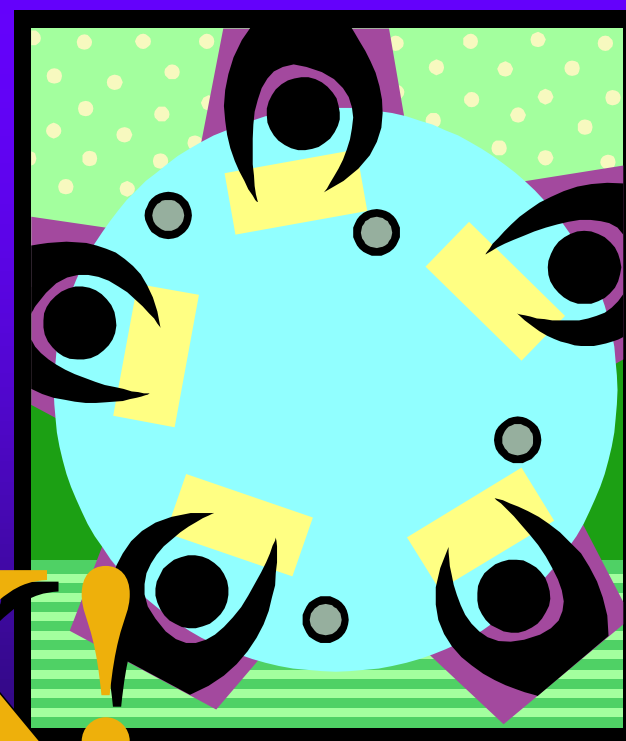
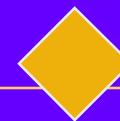


- ◆ How do we get *started*?
- ◆ Create the *vision* for the future
- ◆ Determine your *capabilities*
- ◆ Develop the *plan*
- ◆ *Deploy* or execute



# How Do We Get Started?

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# TALK!



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# Vision

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- ◆ **Identify Personal Goals**
- ◆ **Establish Corporate Mission**
- ◆ **Develop Supportive Goals**
- ◆ **Organize Business Structure**



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## *Vision – Personal Goals*

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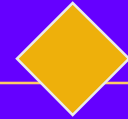
- ◆ **The business is just a vehicle for owners to achieve their personal goals**
- ◆ **Personal goals define the business and are its foundation**





## Vision – *Corporate Mission*

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- ◆ **Determines the business’ purpose**
- ◆ **Identifies your priorities**
- ◆ **Defines how you “do business”**

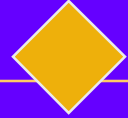


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## *Vision – Corporate Goals*

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**Just as the corporate mission identifies the business' purpose or destination, goals are the road map which shows how you plan to get there.**



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## *Vision – Corporate Goals*

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- ◆ **Productivity**
- ◆ **Profitability**
- ◆ **Efficiency**
- ◆ **Growth**
- ◆ **Quality**
- ◆ **Employee**
- ◆ **Environmental**
- ◆ **Size**
- ◆ **Scope**
- ◆ **Owners/Control**



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# Vision – *Business Structure*

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Structuring decisions should address:

- ◆ **Inter-generational transfer**
- ◆ **Estate Planning**
- ◆ **Mitigate Federal/State taxes**
- ◆ **Partner access to profits**
- ◆ **Buy/Sell (enter/exit)**



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# Determine Capabilities

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**Once visioning is completed, the business must now evaluate its capabilities (and limitations) and determine how they can be leveraged into a plan which has a high probability for success.**



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# Capabilities

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- ◆ **Management**
- ◆ **Financial**
- ◆ **Production**
- ◆ **Marketing**
- ◆ **People**



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# Capabilities - *Management*

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- ◆ Production *vs.* Cows 'n Crops
- ◆ Fiscal *vs.* The Books
- ◆ People *vs.* Hired Hands
- ◆ Information *vs.* Gut Instinct



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# Capabilities - *Financial*

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- ◆ **Balance Sheet & Profit/Loss**  
(Net Worth, Cost Structure)
- ◆ **Enterprising**  
(Milking, Crops, Replacements)
- ◆ **Capital Investment**  
(Fixed Assets, Rolling Stock, Etc.)



# Capabilities - *Financial*



- ☑ 750 total cows - going to 1150
- ☑ 63 lb. average milk in tank over past 24 mths
- ☑ Need \$1.85M for expansion

## *Balance Sheet*

Assets	ST	\$ 250,000
	IT	\$ 1,450,000
	LT	<u>\$ 1,300,000</u>
		\$ 3,000,000
Liabilities	ST/IT	\$ 750,000
	LT	<u>\$ 1,000,000</u>
Net Worth		\$ 1,250,000



# Capabilities - *Financial*



- ☑ 300 total cows - going to 800
- ☑ 73 lb. average milk in tank over past 24 mths
- ☑ Need \$1.85M for expansion

## *Balance Sheet*

Assets	ST	\$ 250,000
	IT	\$ 1,250,000
	LT	<u>\$ 2,000,000</u>
		\$ 3,500,000
Liabilities	ST/IT	\$ 350,000
	LT	<u>\$ 1,000,000</u>
Net Worth		\$ 2,150,000





# Capabilities - *Production*

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- ◆ **Milk Production**
- ◆ **Milk Quality**
- ◆ **Reproduction**
- ◆ **Animal Longevity**
- ◆ **Replacement Heifers**

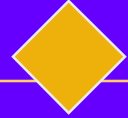


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# Capabilities - *Marketing*

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- ◆ Experience with milk hedges
- ◆ Relationship with advisors
- ◆ Opportunities to market new milk
- ◆ Forward integration





# Capabilities - *People*

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- ◆ **Formal HR management tools**
- ◆ **Empowerment**
- ◆ **Training**
- ◆ **Retention**
- ◆ **External Staff**





# Let's Review

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