



Growing Forward

Taking Stock

Name:

Date:

Address:

Phone Number:



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Acknowledgement

This material has been modified for use in Saskatchewan from the original developed by the Ontario Ministry of Agriculture, Food and Rural Affairs in co-operation with the Government of Canada and the Agricultural Adaptation Council.

The Saskatchewan version was created by the Saskatchewan Ministry of Agriculture, Regional Services Branch, Business Management Services.

For additional information please contact the **Agriculture Knowledge Centre at 1-866-457-2377** or your nearest Regional Office of the Saskatchewan Ministry of Agriculture.

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INTRODUCTION to TAKING STOCK

The first step in an orderly planning process is a self assessment of farm business management practices. These practices include the nine identified areas listed below:

1. Business Strategy
2. Marketing Strategy
3. Production Economics
4. Human Resources
5. Financial Management
6. Environmental Strategy
7. Succession Planning
8. Business Structure
9. Risk Management

The Taking Stock assessment will ask questions in the nine areas to identify strengths or weaknesses in these farm business management areas. Each section contains an introduction to help you answer the self assessment question.

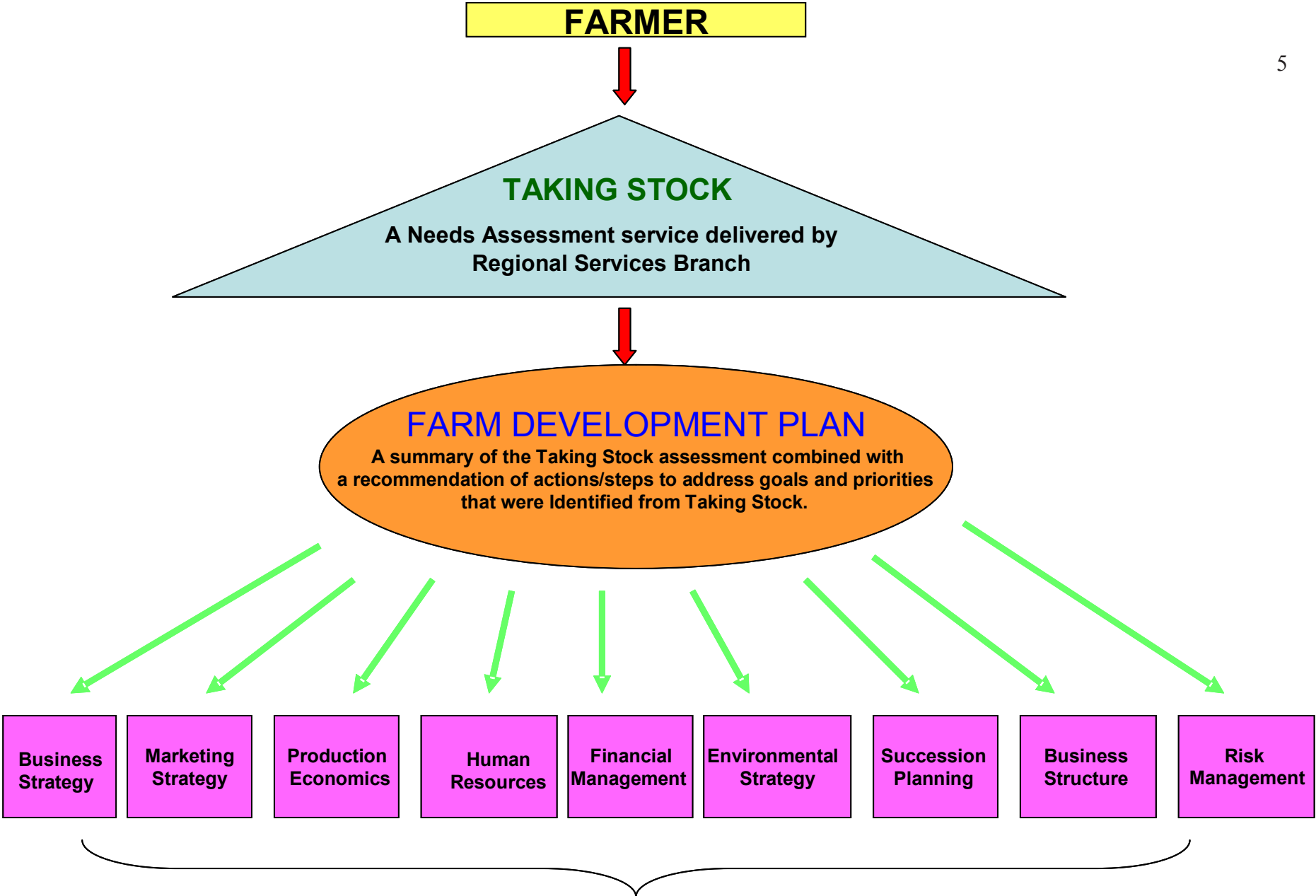
Possible answers are provided for each question, rated according to a traffic light: **green (strength)** means you understand and are dealing with the issue; **yellow (caution)** means that some improvements should be made (proceed with caution); and a **red (weakness)** answer implies that you need further understanding and that specific action is required.

Fill in the circle corresponding to your answer. At the **end of each section** there is a place to **summarize all your responses** to create a **general assessment** for the category (i.e. **Green for strength**).

You will also **prioritize** your responses as **high, medium or low importance** for your farm operation. This prioritization can be useful in deciding how and when to proceed with resource information or the creation of a farm plan.

Your responses to each section can be carried forward to the Taking Stock **Summary Section** near the end of this document. You may then develop an **Action Statement or Goal** to address the farm business management area you have identified as strengths/weaknesses and priorities (see example page). The action statement addresses areas requiring follow up from your responses to the questions in each business section. The prioritization of that action statement or goal addresses the urgency to complete that action.

Should you choose to proceed with a **Farm Development Plan** you will need to meet with your Regional Farm Business Management Specialist. Your Taking Stock material will become the framework for creating steps or actions in completing the plan. The plan will identify steps you may take to improve the farm business management areas you have prioritized in this document.



FARM BUSINESS MANAGEMENT - PROGRAMS AND SERVICES

1. Business Strategy

What do you hope to accomplish with your business?

Why should you be concerned?

Business strategy planning is the first step down the road of successful farm management.

As a business owner, having a set of business goals gives you the power to steer your business activities in the same direction as your hopes and intentions. This forward way of thinking can be compared to planting a field: inexperienced farmers will often focus on what is going on with the planter behind them, only to end up with a very crooked seed row. With some coaching, an inexperienced farmer will learn to pick out a tree or a landmark in the distance that he can line up with the tractor's muffler. Suddenly the rows are straighter, and the young farmer is able to complete his job faster than before. Similarly, business managers need to have a clear view of the future to create a business that is in line with their strategic goals.

What can you do?

Know where you have been

The successes and failures of the past give you valuable knowledge to help plan your future. Look at your successes and ask yourself, "What did I do right?" Look at your failures as well to understand what you did wrong. Many of us are not aware of the things we do right, simply because we do not consistently evaluate past activities.

Know where you are

You are not going to be able to change your current business immediately, nor should you want to change it immediately. You have done good things to get you where you are, so knowing what strengths you have to build on will help shape the way you move towards your business priorities.

Know where you want to be – your business goals!

Take the time to look forward. Know whether you want to expand your business, change your focus, increase your value-added activities, or make more money. You must be specific about your business goals, so that you travel in the direction you want to go.

Know how to get there

Having an understanding of how you are going to achieve your business goals is as important as having the goal in the first place. Sometimes it becomes difficult to see the steps needed to reach your business goal. Being able to see over a hill is hard to do. You know you have to get to the other side, but you are not sure exactly where you need to be on the other side. Figure out what you know or can see, evaluate whether you think it is likely to be a success, start on the path towards this goal, build in flexibility, and re-evaluate as information about the path to your business goal becomes clear.

Know how to tell when you are there

It is entirely possible to pass your business goals without knowing you have achieved them. Each of your goals must have at least one clear objective, so that you can recognize when and if you reach success.

A business goal to improve your efficiency is a good target, but without a defined objective, like reducing the number of labour hours per acre farmed from one hour per acre to half an hour per acre, you will have no idea when you have arrived at this target.

Look for that tree on the horizon! Look back only to make sure you have benchmarks and are aware of your strengths and weaknesses. Otherwise, focus your attention on those activities that take you from where you are, towards the end you have in mind.



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1. Business Strategy

Business Strategy Assessment Questions

Business strategy assessment (Goals for the business and family)

a) Do you know your past business successes and failures?

Green	Yellow	Red	Self Assessment	Priority
<i>We are able to clearly identify successful past decisions and activities but we are also aware of unsuccessful business decisions and we have learned from them.</i>	<i>We are able to identify past successes and failures but we don't know how our decisions impacted the outcome.</i>	<i>We are not always sure how to judge our business decisions.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Where is your business today and how well are you doing?

Green	Yellow	Red	Self Assessment	Priority
<i>We are satisfied with our business performance today.</i> <i>Our business is able to adapt to changes.</i>	<i>Our business is doing well, but we are not confident about the next one to three years.</i> OR <i>Our business is not doing well, but we have been working on a plan for improvement.</i>	<i>We do not know how our business is doing.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) What is your purpose for being in the farm business?

Green	Yellow	Red	Self Assessment	Priority
<i>We can easily list reasons why we are in business</i>	<i>We do not know how to describe our purpose for being in business.</i>	<i>We do not know why we have a farm business.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

d) Do your business goals support your family goals?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we can identify that our business goals support our family goals.</i>	<i>We can identify that business goals impact our family goals but we have not planned for this effect.</i>	<i>No, we keep our business activities separate from our personal activities and do not see the relationship between them.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

e) How do you know when you have reached your goal?

Green	Yellow	Red	Self Assessment	Priority
<i>We have specific measurable objectives for each of our goals so that we know exactly when we have reached them.</i>	<i>We have some objectives in mind, but do not have all the details, which would identify success.</i>	<i>We do not have any written measurable goals.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

How would you summarize the overall assessment of the Business Strategy area for your farm business?

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Business Strategy:

Strength: Our farm/ranch business has a vision and purpose. We have a formal written business strategy that is reviewed annually. All members of the management team agree to the short and long-term goals for our farm business. Business goals align with family goals. Our day to day actions are directed by the agreed upon goals.

Caution: We have a clear (goal directed) plan for our farm and its operators. It is not written nor shared with all the family members or employees. We have an understanding of where we are at present and where we want to be in both the short-term and in the long-term.

Weakness: We have not established short or long term plans for the farm business. We have not defined any goals for our family. We are unsure if our production levels or financial ability will allow us to reach our goals.

2. Marketing Strategy

Why is marketing vital to the overall success of your farm business?

Why should you be concerned?

Market needs create business opportunities, not the other way around!

Marketing your products and services is a necessary part of your overall business success. It is important to understand the issues relating to the marketing and sales of your products in order to maximize your profits. Unless you have a good knowledge of the sector you operate in and how your products fit into that sector, it is difficult to focus on anything other than production.

Increasing global competition and other international issues are affecting your business environment and future success. It is therefore very important to have the knowledge and information you need to make informed decisions about the marketing of your products, whether you should (or can) diversify into another product area and whether to increase the price of your existing products.

In order for your business to thrive, it is crucial that you understand your buyers' needs, taking into consideration whether you are dealing with local (farmers' markets), regional, national, or international distributors and retailers. Knowing what your buyers' needs are and where you can provide for those needs is becoming increasingly important and will keep you one step ahead of your competition.

Commodity marketers need to understand global supply/demand, world weather patterns, stock/use ratios and other factors affecting distribution. These variables affect planting intentions and marketing decisions.

The three areas of self-assessment in Marketing are General, Commodity and Direct Marketing. Whether you have been in business for several years, are trying to expand your current business, or are looking to start a new venture, assessing your marketing skills and abilities will help you determine what areas of marketing you need to examine and develop.

What can you do?

- Constantly work to understand your buyer's needs and what affects your market.
- Look for ways to use marketing experts.
- Develop and follow a written marketing plan.



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2. Marketing

Marketing Strategy Assessment Questions

Marketing strategies assessment

a) Do you have a written marketing plan?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes and it is followed.</i>	<i>An unwritten plan exists but it is not always followed.</i>	<i>No plan exists.</i>	Red <input type="checkbox"/>	High <input type="checkbox"/>
			Yellow <input type="checkbox"/>	Medium <input type="checkbox"/>
			Green <input type="checkbox"/>	Low <input type="checkbox"/>

b) Do you have the desire and skills to make good marketing decisions?

Green	Yellow	Red	Self Assessment	Priority
<i>We have a strong background and training in marketing and use this skill in our daily business.</i>	<i>We have some marketing and training background and try to use this skill in our daily business.</i>	<i>We have very little training or background in marketing and have little desire to use this skill in our business.</i>	Red <input type="checkbox"/>	High <input type="checkbox"/>
			Yellow <input type="checkbox"/>	Medium <input type="checkbox"/>
			Green <input type="checkbox"/>	Low <input type="checkbox"/>

c) Do you know how to apply your cost of production (COP) information to determine pricing options?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, after reviewing COP information we are able to accurately decide what price level is needed for our desired profit margin.</i>	<i>Sometimes, but this depends on the accuracy of COP information which is not always correct or up to date.</i>	<i>No, we sell when cash is needed to pay bills.</i>	Red <input type="checkbox"/>	High <input type="checkbox"/>
			Yellow <input type="checkbox"/>	Medium <input type="checkbox"/>
			Green <input type="checkbox"/>	Low <input type="checkbox"/>

d) Do you check market information daily?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we receive daily price bulletins and also check world markets and review these in relation to our marketing plan.</i>	<i>Sometimes, but usually we just review market information when we are getting ready to sell a particular commodity.</i>	<i>No, we don't check markets and usually accept prices given by buyer.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

e) Do you use market research to determine commodity choice?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, and we follow markets to find trends that will increase profitability and also fit within our production plans.</i>	<i>Occasionally, but only when we have time</i>	<i>No, we usually produce the same commodities each year or follow what our neighbours are doing.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

Direct Marketing - Optional

a) Do you understand the different types of direct farm marketing (u-pick, on-farm retail, farmers' market etc.)?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, We use one or more of these successfully in our daily operations. We are also looking for and researching new ways to market our products.</i>	<i>We have a limited understanding, but we have not researched how these can assist or create profits in our operation.</i>	<i>Very little, we do not use direct marketing in our operation because we don't want or understand them well enough to implement.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Do you understand how product diversification can impact the profitability of your business?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we actively research new trends and how our operation can fill a need in the marketplace. We also look for ways to alter our product to fill current or new customer needs and increase profitability.</i>	<i>Yes, we talk to our customers about their needs and wants. We try to adjust our products, packaging and pricing to deliver what the customers want.</i>	<i>No, we have not researched this area because our production is very limited or we are not interested in diversifying.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Do your family or staff have the knowledge and skills required to do direct marketing?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we have completed training and have a good understanding and experience in direct marketing.</i>	<i>Our knowledge is limited but we want to learn more about direct marketing and the positive impact this can have on our operation.</i>	<i>We have very little knowledge and are not interested in pursuing this option for our operation.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

d) Do you understand the local market place that supports the direct sale of your product?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we have researched this area and have included it as part of our marketing plan. The trends in the local market place are viewed as being beneficial to our operation.</i>	<i>We have limited knowledge and interaction with the local market place. We are interested to learn more about this area and how to incorporate it into our operation.</i>	<i>We have little understanding of the local market place or we are not interested in pursuing this market as part of our operation.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Marketing Strategy** assessment:

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Marketing Strategy

Strength: We receive a variety of timely and accurate market information. We know the cost of production for all the commodities that we may wish to grow. Marketing plans are well developed and commonly used when evaluating what products to produce, when to sell those products, and at what price. These plans are monitored and amended throughout the year. Market plans are developed in conjunction with our cash flow requirements. We usually sell into the top third of the market price.

Caution: We receive a variety of market information. We know the cost of production for all the commodities that we may wish to grow. Marketing plans are developed annually. These plans are not monitored or amended throughout the year. Products are sometimes sold due to cash flow requirements rather than market planning.

Weakness: We require some additional market intelligence. We do not prepare marketing plans. We are sometimes forced to sell into the bottom third of the market.

3. Production Economics

How can you improve your production system and your cost of production?

Why should you be concerned?

Making and delivering your product or service to the market captures the profit opportunity for your business. Product quality shows the value the customers want. Production systems, facilities and equipment, and purchasing skills all affect the quality, the yield, and the cost of production. In a commodity market, it is increasingly important to manage and maintain a low cost of production.

In business, there are never enough hours in the day to get production done, so it is important that the production system is as organized as possible.

An organized production system helps to:

- Create time to manage the other aspects of the business such as marketing, financial, human resources, business direction, and structure; and
- Create time for personal, family, and community activities.

Areas of production or service focus discussed in production are:

- Product or service quality
- Production system
- Benchmarking
- Cost of production
- Facilities and equipment
- Transportation systems
- Purchasing and supplier relationships

What can you do?

- Set production, service and quality goals.
- Have a record system that provides cost of production, yield and quality information in a timely manner.
- Compare your results to your past records and to industry benchmarks where available.
- Develop positive relationships with your suppliers so they can provide product information, production advice, training, market trend information and market referrals.



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3. Productions Economics

Production Economics Assessment Questions

Production assessment

a) Are you satisfied with your current levels of production?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, production gains meet the goals of our plan.</i>	<i>Some production goals are met and others are not. But we cannot find the solution to our problem</i>	<i>No. We do not set production goals.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Do you keep a record of your production?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we keep complete production records.</i>	<i>We keep some production records but they are not complete.</i>	<i>No. We do not keep production records.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Do you know your cost of production for each commodity?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, input costs are directly tied to production records showing profit/loss for each commodity.</i>	<i>Some specific production costs are known and others are based on entire operation. We do not know which commodities have higher production costs.</i>	<i>No. We do not know our cost of production.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

d) Do you use the services of production advisors (i.e. suppliers, agrologists, Saskatchewan Agriculture, consultants)?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We regularly use these services to improve farm operations and increase profitability.</i>	<i>Occasionally we use advisors but only when in crisis.</i>	<i>No, we do not use advisors.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

e) Do you use your records to improve your production and profitability?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, production records are used to improve operations, for benchmarks and to track both costs and sales figures.</i>	<i>Our records are vague but in some instances are used to improve production and profitability.</i>	<i>No, we do not keep production records.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

f) Do you have a plan for equipment and facilities replacements?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we have a plan for equipment and facilities maintenance, repair and replacement.</i>	<i>We try to extend lifespan as much as possible and replace when profitability is good.</i>	<i>We have no specific plan for repair and replacement.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

g) Does your business meet production and regulatory standards (organic, livestock identity)?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, all production and regulatory standards are met. We regularly check for new standards that may affect operations.</i>	<i>Not sure if all production and regulatory standards are met or which ones apply to our operation.</i>	<i>No we are not aware of production or regulatory standards.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

h) Do you have a quality assurance program (I. P. grains, beef identification)? Can you meet the standards of question?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, all products have minimum quality and traceability standards that must be met. Inspections are completed regularly to ensure standards are being met.</i>	<i>Some quality and traceability standards exist but these are not always followed and checks are not routinely completed.</i>	<i>No, quality goals do not exist in our operation.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

i) How successfully is new production technology brought into your operation (i.e. auto steer, RFID readers)?

Green	Yellow	Red	Self Assessment	Priority
<i>New technology is brought in only if it is proven to work; benefits outweigh the costs; supports goals and provides competitive advantages.</i>	<i>New technology has had mixed success.</i>	<i>Little or no success has been experienced with new technology in our operation.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

j) Are your production or delivery systems operating efficiently and effectively (e.g. inventory management, timeliness of operations)?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, the system provides results that are profitable, timely and helps to consistently meet our goals.</i>	<i>Sometimes the system provides helpful results but it is not used consistently.</i>	<i>Our system does not work or we don't have one in place.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Production Economics** assessment: 1) Green (strength)
 2) Yellow (caution)
 3) Red (weakness)

Production Economics Assessment

Strength: Field records are well maintained. Production levels are measured and recorded for use in future decision making. We complete and review an enterprise analysis and regularly review our cost of production as inputs and commodity prices fluctuate. We maintain a capital budget and schedule for replacing equipment and buildings.

Caution: Field records are measured but not used in future planning. Production levels are trending upwards. We complete an enterprise analysis and cost of production calculation annually. Sound production management is practiced and understood but not always implemented.

Weakness: We would like to improve our production record keeping system and information. We do not understand the profitability of each of our enterprises. We do not calculate or manage the cost of production for the commodities we produce.

4. Human Resources

How can you organize and motivate people to achieve your farm goals?

Why should you be concerned?

An input cost that farm business owners often overlook is the cost of labour. Depending on the type of farm, labour costs can account for as much as 70 per cent of the total cost of production. Availability of labour is becoming a major problem on many farms.

Human resource planning will encourage you to do a self-assessment as part of a needs assessment for your operations. A human resource plan will identify gaps and needs in training plans as well as in the overall requirements of the farm. The needs assessment will also let you know when you need new staff, considering any future expansion plans for your business.

Human resource planning is a valuable tool for ensuring the health and safety of employees and farm family members. Today's modern farm operates under regulations dealing with all aspects of farming from health and safety to the environment. A human resource plan will make sure all applicable regulations under the Occupation Health and Safety Act, the Employment Standards Act, and payroll regulations are followed.

As with any other part of a good business plan, spending some time creating and implementing a human resource plan will help maintain a profitable and successful farm business.

Written job descriptions can be very valuable for family, employees and owners. Pay grids and compensation packages will eliminate misunderstandings. Training needs and plans are identified and agreed to by all affected parties.

What can you do?

Implementing good human resource planning will not only reduce your costs, but it will also give you peace of mind throughout the year. Staffing mistakes such as too many or too few workers will impact on the net profits of any farm business.

One of the keys to running a successful farm business is knowing your requirements regarding types of skills, number of workers and lengths of employment. Staff turnover can create major problems (this always seems to happen at critical times such as planting or harvest).

Self-assessment and understanding your management style will help you to make the right decisions when hiring employees and setting policies for your business. Understanding your management style will also ensure that you get the right "mix" of people to suit your personal needs.



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4. Human Resources

Human Resource Assessment Questions

Human resource assessment

a) Do you have a human resource management plan in place?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we have a plan in place and we regularly review and update it. Our plan takes into consideration our management style and it is consulted every time we make a human resource decision.</i>	<i>We have a plan when we look at hiring people and have an idea on how we would like to train our employees.</i>	<i>No, we do not have a human resource plan in place. Employees are expected to follow our example in how to do things around the farm.</i>	<p>Red <input type="checkbox"/></p> <p>Yellow <input type="checkbox"/></p> <p>Green <input type="checkbox"/></p>	<p>High <input type="checkbox"/></p> <p>Medium <input type="checkbox"/></p> <p>Low <input type="checkbox"/></p>

b) Do you clearly define the responsibilities of each family member and employee?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We have a written job description for each family member and employee. They understand their responsibilities and our expectations.</i>	<i>We do not have a written job description because our family members and employees know their job.</i>	<i>No. They are advised on a need to know basis.</i>	<p>Red <input type="checkbox"/></p> <p>Yellow <input type="checkbox"/></p> <p>Green <input type="checkbox"/></p>	<p>High <input type="checkbox"/></p> <p>Medium <input type="checkbox"/></p> <p>Low <input type="checkbox"/></p>

c) Do you have a plan to obtain and retain employees if applicable?

Green	Yellow	Red	Self Assessment	Priority
<i>We have a human resource plan in place that includes when, how many, how long, skills, training and wage grid for employees of our operation.</i>	<i>We know that we will need employees at peak production periods, but we do not take steps to plan for recruitment, training and retention.</i>	<i>We rely on “word of mouth to recruit” and depend on family members to “pick up the slack”.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

d) What steps have you taken to ensure a suitable work/family balance for self, family members and staff?

Green	Yellow	Red	Self Assessment	Priority
<i>We have a work/life balance for family and employees that includes time with family and friends as well as scheduled holidays.</i>	<i>Spending time with family and friends away from the farm business happens only on rare occasions when farming activities permit the time away.</i>	<i>Spending time with family and friends away from the farm business is never a priority.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Human Resource** (HR) assessment:

1)	Green (strength)	<input type="checkbox"/>
2)	Yellow (caution)	<input type="checkbox"/>
3)	Red (weakness)	<input type="checkbox"/>

Human Resources:

Strength: We have a formal written HR plan ensuring all the areas of HR (job descriptions, work schedules, benefits, compensation plan and training for family members or employees) are meeting the needs of our farm family members and employees.

Caution: We have discussed and agreed to an informal HR plan for family members in some HR areas.

Weakness: We do not have an HR plan.

5. Financial Management

How can you help your farm business be financially stable?

Why should you be concerned?

Most farm business owners would agree that financial management is an important part of managing a business. Many would also agree that the process of recording, gathering, and analysing their financial information is sometimes a tedious job that they at times even neglect. Financial decisions however, are much easier to make when you have information about the performance of your business. So even though it can seem to be an unproductive task when compared to a host of other pressing and urgent issues that require your attention, financial management is a critical component of your business.

If financial management is not your passion, then you should consider working with a financial advisor who is able to gather and organize your business information for you.

The financial management of a business has several components:

- Regular recording and monitoring financial transactions;
- Analysis of past and current performance;
- Forecasting future performance, including cash flow and debt service; and
- Setting and monitoring financial goals.

Financial management is important to other aspects of the business as well. It allows you to establish a cost of production, which in turn helps you determine your marketing strategies.

working with additional family members is possible. Financial management starts with the development of a suitable financial information system. This will allow you to analyze the information and establish financial goals, which are required to set future performance benchmarks.

Financial management is the backbone of any successful business. This section looks at a number of key areas that business owners must focus on:

- **Improving cash flow** – the ability to pay your bills and living expenses.
- **Increasing profitability** – the ability of the business to generate a return after expenses.
- **Taxation** – businesses should strive to pay the optimum level of tax.
- **Capital investment** – businesses strive to allocate available capital to the best use.
- **Records** – without good records, analysis and financial goal setting is impossible.
- **Risk management** – identifying financial risks is the first step in managing them.
- **Resources and skills** – knowing your strengths and skills helps you manage the finances of the business. Understanding your weaknesses allows you to find alternatives.

What can you do?

- Evaluate your current record keeping system.
- Determine what information you need.
- Assess your skill level for analysis and if needed, get training or help from a trusted advisor.
- Monitor your financial progress on a regular basis to determine if you are meeting your financial goals.



Financial Management Assessment Questions

Financial assessment

a) Do you feel that you are experiencing financial success?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. The farm business has been profitable every year and provides an increasing income for family members</i>	<i>Not really. The farm business has been able to grow financially every year although some family members have to work off the farm to augment their farm income.</i>	<i>No. All family members do not consistently receive income from the farm business and the business is not able to grow financially.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Are you experiencing difficulty paying bills on time?

Green	Yellow	Red	Self Assessment	Priority
<i>No. The farm business is able to pay all bills on time and cash flow is continually monitored.</i>	<i>Usually the farm business is able to pay farm bills on time and cash flow is monitored.</i>	<i>Yes. We are usually in arrears in paying our bills.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Do you have a financial record keeping system?

Green	Yellow	Red	Self Assessment	Priority
<i>We maintain a detailed financial record keeping system. We are able to monitor the progress of the farm business at anytime.</i>	<i>We enter our information into a record keeping system when ever we have time and take this information into the accountants at the end of the year.</i>	<i>We take our bills in to the accountants every year and they file my taxes.</i>	<p>Red <input type="checkbox"/></p> <p>Yellow <input type="checkbox"/></p> <p>Green <input type="checkbox"/></p>	<p>High <input type="checkbox"/></p> <p>Medium <input type="checkbox"/></p> <p>Low <input type="checkbox"/></p>

d) Is your business profitable?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. Our farm business is profitable and we know which areas of the business are making the greatest profit.</i>	<i>Our business shows a positive accrued net income but we have difficulty meeting all our financial commitments. AND/OR We are not sure if all areas of our farm business are profitable.</i>	<i>We don't know. AND/OR Our business is not profitable.</i>	<p>Red <input type="checkbox"/></p> <p>Yellow <input type="checkbox"/></p> <p>Green <input type="checkbox"/></p>	<p>High <input type="checkbox"/></p> <p>Medium <input type="checkbox"/></p> <p>Low <input type="checkbox"/></p>

e) Do you know your net worth?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We monitor the equity of our business regularly and insure that our debt is structured to allow for maximum growth of the farm business.</i>	<i>We do not know the exact amount of our equity in the farm business.</i>	<i>We have no idea what our equity is in the farm business.</i>	<p>Red <input type="checkbox"/></p> <p>Yellow <input type="checkbox"/></p> <p>Green <input type="checkbox"/></p>	<p>High <input type="checkbox"/></p> <p>Medium <input type="checkbox"/></p> <p>Low <input type="checkbox"/></p>

f) Do you make decisions with tax implications in mind?

Green	Yellow	Red	Self Assessment	Priority
<i>We consult with our tax advisors on a regular basis and constantly revise our plan to minimize tax implications over time.</i>	<i>We recognize the importance of tax implications but only review them annually with our accountant.</i>	<i>No. We take our financial information into the accountants every year and instruct them to do whatever is necessary to limit our tax.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Financial Management** assessment:

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Financial Management:

Strength: We prepare and analyse accrual based annual financial statements and continuously monitor this information throughout the year. We prepare projections, budgets and cash flows that are understood and followed. We review our plans with our creditors regularly. We understand the profitability of our enterprises and the cost of production for each of our commodities.

Caution: We regularly maintain our book keeping. We can usually meet our financial commitments as they come due. We or our other people prepare our annual financial statements, however, we do not fully understand the information contained in it and we do not use it to better manage our operation. Although we prepare annual projections, budgets and cash flows, we do not always follow these plans throughout the year.

Weakness: Our book keeping is sporadic. We have problems meeting our financial commitments as they come due. We do not review our financial statements and recognize that we need to improve our financial management.

6. Environmental Strategy

How can your farm business create a positive interaction with the natural environment?

Why should you be concerned?

A farm business shares the landscape, ground and surface water, and air with the local community. In most cases, the farmer's and/or employees' families also live in the community. Stewardship of the natural resources creates an advantage for both the farm and the community.

Environmental stewardship

Assessing your farm's environmental stewardship management can help:

- maintain and improve the land, water, air, woodlands, and wildlife resource bases;
- ensure compliance with regulations;
- manage the impact risk of farming practices on neighbours; and
- create business opportunities.

What can you do?

- Incorporate best management stewardship practices to improve and maintain the land, water, air, woodlot and wildlife resource bases.
- Meet regulations and industry standards.
- Manage the impact risk of farming practices on neighbours.
- Maximize business opportunities through environmental stewardship activities.

Community involvement and industry level involvement:

- Environmental stewardship needs to create a balance among all aspects of the farm's operation.
- While benefiting your community and industry by taking part in events and organizations, look for ways to improve your business and individual skills.



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6. Environmental Strategy

Environmental Strategy Assessment Questions

Environmental assessment

a) Have you completed an environmental farm plan?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we have completed an environmental farm plan and have followed through with the actions.</i>	<i>We have completed an environmental farm plan but have not yet followed through with all of the recommended actions.</i>	<i>We have not completed an environmental farm plan.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Do your farming practises promote environmental stewardship?

Green	Yellow	Red	Self Assessment	Priority
<i>Our farming practises promote environmental stewardship of land (preventing soil erosion and improving soil structure and fertility), surface and ground water, air quality, woodlands and wildlife.</i>	<i>We have not evaluated all of our practices.</i>	<i>We are unaware if our farm practises promote environmental stewardship.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Does your farm record system enable traceability of your farm products (organics, herd verification)?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we keep detailed farm records that enable traceability of our farm products.</i>	<i>We may be able to trace some of our farm products using our current farm record system, but we have never really considered the importance of this.</i>	<i>We do not plan for traceability and do not see the importance of it.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Environmental Strategy** assessment:

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Environmental Strategy:

Strength: Our farm/ranch has a comprehensive, written, environmental plan in place and it incorporates environmentally sustainable practices in its day to day operations.

Caution: We have an informal plan in some areas (air, water, soil, noise); however, the plan is not monitored regularly.

Weakness: We have not considered the environmental impact of our farm/ranch operation. We have taken no actions to identify or prevent our environmental impact.

7. Succession Planning

There are three leading questions depending on where you are in the family-business life cycle.

If succession to the next generation is not currently an issue, the question is:

Do you have at least a basic plan in place to ensure the ongoing operation of the farm business?

If succession is not currently an issue but could be in the next five to 15 years, then in addition to above, the question is:

How do you keep succession in mind and ensure the business is in a position to deal with it in the future?

If succession is currently an issue, in addition to the first question, the question is:

Do you have a plan in place to ensure the smooth transition of ownership and management to the next generation?

Why should you be concerned?

Every farm business and farm family is different and therefore, every succession plan is different. The concern is the effect of an event when there is no plan in place and the uncertainty created as to the future viability and continuity of the farm business. This will affect not only the farm business but also the family – both financially and emotionally.

Succession planning, in the pure sense of the words (i.e. planning how to transfer management, labour and ownership to the next generation), may not be appropriate for every farm business because of differences in where operations are at in the family-business cycle. For example, an operation just establishing itself is probably not considering succession. On the other hand, someone with young children is in a different situation and needs to think about different issues (i.e. the longer-term and what needs to be done today to be prepared in case a child wants to farm). Of course, other farm businesses need to think about succession planning now.

What can you do?

The most important thing is to start the conversation. You should be thinking strategically about how to position the business for the future. Is there an obvious successor? Are they ready? How will you transfer labour, management and ownership? How will you treat the farming and non-farming children? Issues to discuss include planning for various contingencies like death, disability, divorce, disagreement and disaster.

This self-assessment will take you down the path that best fits your particular situation.



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7. Succession Planning

Succession Planning Assessment Questions

Succession assessment

a) Do you have a current will and power of attorney (updated every five years)?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, our will and power of attorney documents are up-to-date.</i>	<i>We have recently updated one of either the will or power of attorney documents or have at least put some thought into doing so.</i>	<i>No, neither our will nor our power of attorney documents are up-to-date.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Are you going to sell your farm or pass it onto the next generation?

I. Selling the farm

a) Do you have a plan to deal with the tax issues related to disposing of the farm assets?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, we know the tax rules surrounding the disposal of farm assets and have a plan in place to deal with this issue.</i>	<i>We are aware that if we dispose of our farm assets there will be income tax consequences; however, we do not have a plan to deal with this.</i>	<i>We are unaware of the tax issues related to the disposal of our farm assets and it is not a concern for us at this time.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

II. Passing on the farm

a) Does your business have a formal written succession plan for the business?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes, our farm already has a formal written succession plan addressing the transfer of management and ownership. This includes life cycle, family communication issues, successor selection and development.</i>	<i>We have started succession discussions but there is not yet a written succession plan. We still have many questions.</i>	<i>The farm business does not have a written succession plan.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Do you have a plan to deal with the tax issues related to transferring farm assets to the next generation?

Green	Yellow	Red	Self Assessment	Priority
<i>We have developed a plan to deal with tax issues in consultation with a tax advisor.</i>	<i>There is general awareness of some of the tax considerations relative to succession but a plan has not been put in place.</i>	<i>No, we don't know how taxes might affect farm transfer</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Have you developed contingency plans for such things as death, divorce, disability, disagreement and disaster?

Green	Yellow	Red	Self Assessment	Priority
<i>We have discussed and know how we would deal with issues such as divorce, death, disability, disagreement and disaster.</i>	<i>We have developed contingency plans for some issues, such as death and disaster but some topics are too sensitive for us to discuss.</i>	<i>We deal with issues as they come up and don't have time to plan for events that may never happen.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

d) Have you fully discussed with family members how farming and non-farming children will be fairly treated.

Green	Yellow	Red	Self Assessment	Priority
<i>We have fully discussed how the farming and non-farming children will be treated and have addressed the issues of how to achieve fair treatment for all children.</i>	<i>There has been some discussion of how the farming and non-farming children will be treated, but we aren't sure how we will achieve fair treatment for all children.</i>	<i>There has been no discussion of how farming and non-farming children will be fairly treated. Our children may be able to work this out on their own.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

e) Has your business been structured in such as a way to consider and facilitate succession?

Green	Yellow	Red	Self Assessment	Priority
<i>The business has been structured to consider and facilitate succession and all business owners have an understanding of how ownership is acquired and how new participants would gain ownership</i>	<i>There has been some discussion around how the business structure would facilitate succession; however, there is no clear plan as to how this process would occur.</i>	<i>We haven't thought about business structure and don't know how we would even go about changing it.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Succession Planning** assessment:

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Succession Planning:

Strength: A formal written Succession Plan has been developed with input from all family members and advisors. Signed agreements are in place to ensure the plan can proceed.

Caution: Some thought and discussion has started but there is not an adequate plan that facilitates the transfer of management and ownership of the farm business to a potential successor.

Weakness: There is no apparent successor and/or there is no discussion, planning or training started for succession. The retiree has considered succession, however has not discussed it with his/her spouse or family members.

8. Business Structure

How can you achieve your ideal legal structure for your farm business?

Why should you be concerned?

The structure of a business is important for many reasons. While taxation is often a prime concern for business owners, it should not be the primary reason to consider a particular legal structure. For example, other important considerations include succession planning goals. Some business owners may think simple is best; others may consider the flexibility in implementing a succession plan as the top priority in choosing a particular legal structure.

Each kind of legal structure has advantages and disadvantages. As a business grows or business goals change, a particular business structure may become more or less attractive.

Legal structure

The legal structure refers to the legal business entity under which the business operates. The three most common business structures are sole proprietorship, partnership, and corporation. Joint venture is a less common entity, but is useful in certain circumstances.

The type of structure that a business owner chooses will decide for example, how decisions are made, who will report the income of the business, who will pay the taxes, or who is legally responsible for the business. The legal structure also influences the control of the business and the method of transferring the business

Ownership structure

The ownership structure of a farm business refers to how the assets are owned. While ownership may appear to be obvious, it is not always the case in a farm business, especially if a second generation is working in the business. It is not uncommon to encounter farm businesses where some assets are owned by the individual and used by a corporation that operates the business. Partnerships sometimes own very few assets, while partners retain direct asset ownership. Understanding the ownership of assets is critical for tax planning, financing, succession planning, and exiting or changing the business structure (such as when a business partner wishes to leave the business).

Written agreements should clearly document the contributions of assets to the business and explain if and how the owner of the assets will be compensated for the contribution of the assets to the business. Agreements clarify how someone may enter or exit the business structure in the future. Agreements also outline a process in the event of death or illness.

What can you do?

- Understand your current business structure.
- Consider if your current structure fits your business goals.
- Understand the pros and cons of other business structures.
- Discuss different structures with your advisors.



Business Structure Assessment Questions

Business structure assessment

a) Does your business legal structure (sole proprietor, partnership, corporation etc.) meet the goals of your business?

Green	Yellow	Red	Self Assessment	Priority
<i>Our business legal structure meets all of the business goals, and the business structure is reviewed periodically.</i>	<i>Our business legal structure meets some of the goals for the business.</i>	<i>We do not know if our legal business structure meets the goals for the business.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Do you have written business agreements?

Green	Yellow	Red	Self Assessment	Priority
<i>We have written up-to-date business agreements; all of the business owners understand the agreements and how they apply to the business.</i>	<i>The written agreements were developed initially and most of the business owners have a general understanding of the agreements.</i>	<i>There are no written business agreements for the business</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Do you have a written description of who owns what in your business including compensation of use of assets?

Green	Yellow	Red	Self Assessment	Priority
<i>There is a clear written description of who owns the current business assets, including any compensation for use of those assets in the business.</i>	<i>The business owners know who owns the major assets of the business, but they are not clear about what compensation the owners of these assets receive.</i>	<i>The owners of the business are not clear about who owns the assets.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

In summary, I would rate my **Business Structure** assessment:

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Business Structure:

Strength: We are aware of the various business structures available for our farm operation. We have discussed the options as a management team and with our advisors. We are satisfied with our current structure.

Caution: We are aware of the various business structures available for our farm operation; however, we have never completed an in-depth analysis of the options with our advisors.

Weakness: We are not familiar with the various business structures or their advantages and disadvantages. We are unsure if we are utilizing the most effective structure for our farm.

9. Risk Management

How do you handle risk to secure your farm operations?

Risk can occur in various aspects of your farm business operation. You may need to assess your security of operations in the following areas:

Production Risk

How well do you follow good production practices such as timely operations, disease prevention, machinery readiness for operation, pest management and labour availability? Do you manage the production Risk Management Programs (AgriStability, AgriInvest and Crop Insurance) for the maximum benefit of your operation?

Market Risk

Do you have a written market risk strategic plan and knowledge of marketing tools? Do you receive current and accurate market information? Can you identify trends in prices? Do you know the break even price for all your commodities? Are you able to assess if future pricing opportunities (deferred delivery, contracts, hedges, options) are advantageous to your business?

Financial Risk

How secure are your financial arrangements with lending agencies? Do you meet with them regularly to discuss your business plan? Will the current levels within your production Risk Management Programs meet your cash flow requirements? What is the worst case scenario for production loss?

Human Risk

Do members of your farming operation understand the business model? Would your operation be at risk, if any one member became ill or disabled? Will you be able to find and train capable employees? Could an accident or death of a family member or employee affect the viability of your farm?

Policy Risk

Are there national or international policies that will negatively affect your markets?

What can you do?

- Categorize risk as production, market, financial, human or policy.
- Address each area of risk. Decide if the risk is a high or low possibility and a strategy to mitigate that risk.
- Be sure all members of your operation are knowledgeable of the risk considerations.



Risk Management Assessment Questions

Risk assessment

a) Do you have a plan to deal with production risk?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We manage our production risk by following good production practices such as timely operations, disease prevention, machinery readiness, pest management and labour availability. When it is financially feasible, we take advantage of production risk insurance.</i>	<i>Yes. We try to follow good production practices and take advantage of production insurance whenever we can.</i>	<i>No we do not have a plan</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

b) Do you have a plan to deal with market risk?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We have a written market contingency plan. We pre-price our product when possible and sell into the top third of the market.</i>	<i>We have a general idea on how to use marketing tools but are unsure on how to use them.</i>	<i>No we do not have a plan.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

c) Do you have a plan to deal with loss of labour or management skills?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We have a written human resource contingency plan. We have alternate resources available.</i>	<i>We have options available but have never discussed these with family or employees.</i>	<i>No, we do not have a plan.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

d) Do you know how to measure financial risk?

Green	Yellow	Red	Self Assessment	Priority
<i>Yes. We meet with our financial advisors at least quarterly to review our financial risk. We then take steps to reduce our financial risk if our risk assessment shows that the business is out of balance with our business plan.</i>	<i>We meet with our advisors and lenders once a year and determine if our financial risk is such that the bank will extend our operating loan.</i>	<i>No. We try not to think about it.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

e) Do you have a plan to deal with government policy change?

Green	Yellow	Red	Self Assessment	Priority
<i>We constantly monitor changes in domestic and international government policy. We stay involved with our industry and often sit on boards and committees that advise government.</i>	<i>We monitor domestic government policy and try to use it to our advantage when ever possible.</i>	<i>No, we do not have a plan.</i>	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>	High <input type="checkbox"/> Medium <input type="checkbox"/> Low <input type="checkbox"/>

f) Do you follow a diverse investment strategy?

Green	Yellow	Red	Self Assessment	Priority
<i>We meet with our investment advisors and determine what the best portfolio is for us. We diversify our investments to insure a balanced portfolio.</i>	<i>We know off-farm investing is a good idea, but we do not take advantage of these investment opportunities.</i>	<i>We reinvest all profits back into the farm.</i>	Red <input type="checkbox"/>	High <input type="checkbox"/>
			Yellow <input type="checkbox"/>	Medium <input type="checkbox"/>
			Green <input type="checkbox"/>	Low <input type="checkbox"/>

In summary, I would rate my **Risk Management** assessment:

- 1) Green (strength)
- 2) Yellow (caution)
- 3) Red (weakness)

Risk Management:

Strength: There are sound practices in place that periodically assess risk in all areas (production, marketing, financial, political) within the farm and there are contingency plans in place if unexpected events occur.

Caution: We manage some of the risks, however, we need to assess the risks in other areas and build contingency plans. On occasion we encounter unexpected losses or events for which we had not considered and have no back up plan.

Weakness: We do not formally assess the risks in our operation and do not have plans to manage these risks. We carry some production insurance.

Taking Stock Summary Instructions

Your responses to each of the preceding sections can now be carried forward to the Taking Stock Summary Section on the following pages (see example page). To complete the Taking Stock Summary:

1. Start with Business Strategy, the first of the farm business management areas within the self assessment. By referring back to this area, rate your overall skills as a **strength**, **caution**, or **weakness**.
2. Identify what action statements or goals are important for you to improve your farm business management practices in this area.
 - The action statements address areas requiring follow-up from your responses to the questions in each business section.
 - You are not required to create action statements or goals for high priority farm business management practices that you are already implementing.
 - You are not required to create action statements for all farm business management areas. You decide what areas you feel are important and require some improvement.
3. Assign priorities for each action area (i.e. what is the level of urgency to complete that action – high, medium, or low).
4. You have now completed the summary for the Business Strategy area. Continue with steps one through three for the other farm business management areas.
5. Once you have reviewed all nine farm business management areas, your Taking Stock Self Assessment is complete. You are now in a position to decide how and when to proceed with resource information or the creation of a Farm Development Plan with your Regional Farm Business Management Specialist.

TAKING STOCK SUMMARY (Example)

Farm Management Area	Self Assessment (strength/caution/weakness)	Action Statement (goals)	Priority (high/medium/low)
1) BUSINESS STRATEGY	Strength	Create Family & Farm Goals	High
		Create a written vision for the farm.	Medium
2) MARKETING STRATEGY	Strength	No goals/action defined	Low
3) PRODUCTION ECONOMICS	Weakness	Improve my production record keeping system	High
		Get to know my cost of production on all my crops and livestock	Medium
4) HUMAN RESOURCES	Weakness	No goals/actions defined.	Low
5) FINANCIAL MANAGEMENT	Weakness	Improve my knowledge of my farm's financial reports.	Medium
		Improve my understanding of each of my farm enterprises profitability	Medium

TAKING STOCK SUMMARY

Name:

Date:

Farm Management Area	Self Assessment (strength/caution/weakness)	Action Statement (goals)	Priority (high/medium/low)
1) BUSINESS STRATEGY (pg 6)			
2) MARKETING STRATEGY (pg10)			
3) PRODUCTION ECONOMICS (pg 16)			
4) HUMAN RESOURCES (pg 21)			
5) FINANCIAL MANAGEMENT (pg 25)			

Farm Management Area	Self Assessment (strength/caution/weakness)	Action Statement (goals)	Priority (high/medium/low)
6) ENVIRONMENTAL STRATEGY (pg 29)			
7) SUCCESSION PLANNING (pg 32)			
8) BUSINESS STRUCTURE (pg 37)			
9) RISK MANAGEMENT (pg 40)			



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