

Financial Benchmarking, Revenue Generation, Planning, Canada and Trump's Trade

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- University of Guelph, Dep't. of Ag. Ec. & Business; Department Chair, 1986-1990
- 1990 – 2011, George Morris Centre
- 2011 – Agri-Food Management Excellence
- Director: Taps Brewing Co; Lake Erie Farms, Cold Spring Farms; Big Sky Farms; Ridley North America; Belwood Poultry; Farm Management Canada
- 2002 Fellow, Canadian Agricultural Economics Society
- 2012 QE II Diamond Jubilee Medal for contributions to Canada
- 2011 Wilson Loree Award for Excellence in Farm Business Management
- 2018 Canadian Agricultural Hall of Fame
- Father and grandfather of two each
- Perennial Gardner
- Catch the odd fish

Introduction

- Just finishing third year of financial benchmarking project
 - Reveals much about the state of Canadian Agriculture
 - Provides help for improving performance
- Reflects both cost control and ability of some to be creative in marketing – will discuss examples
- Despite Canadian government's inability to respond to Trump's trade war
- Fits directly into our framework for strategic development and planning.

Background

- Our company offers a mini-MBA for Canadian top farmers called CTEAM
- We see and CTEAM participants tell us:
 - “I don’t know how I’m doing”
 - Few operating (income) statements the same
 - No opportunity to benchmark against others
 - Much more tax advice than management advice from accountants.

We have standardized it in CTEAM with benchmarks. Often see transformative results.

We Discussed the Results with BDO

- Extremely useful in assessing management performance and identifying strategic issues.
- Presented it to BDO's National Agriculture
- Now analyzed over 4000 farms with as much as five years of financial statements.
- Have enough to break out for cash crop farms in Manitoba and Ontario, dairy, beef feedlots, and broiler chicken farms in Ontario
- BDO adopting it for their agricultural clients

Observation

- It's useful for almost any business – even without industry benchmarks.
- I use it with a micro-brewery, a poultry processing company, a dairy goat farm.
- All are improving performance even without industry benchmarks

Objectives

- Explain the standardized statement
- Illustrate how the statement's ratios can assist in assessing performance and making improvements

Three Grain and Oilseed Farms in Manitoba (\$ Million)

	<u>A</u>	<u>B</u>	<u>C</u>
Rev	1.5	1.5	1.5
CoGS			
GM			
DOE			
CM			
OH			
EBITDA			
COC			
Int			
Profit	.443	0.066	0.090

So, We Have...

- Three operations in the same business, each with sales of \$1.5 mil
- But their profits are \$443,000, \$66,000, and \$90,000
- Why the difference and what can each do to improve their performance?
- Is it reasonable to expect this kind of variation within the same industry?
- To start to answer this, let's look at the standardized income statement

The Standardized Operating Statement

- Is organized into revenue, and cost categories logical to all farm businesses
- Costs are based on two principles:
 - Principle 1: Managing operations is different than managing capital/finances
 - Cost components separated into operations and capital activities
 - Principle 2: *All businesses*, no matter what they produce, have three sets of operating and two sets of capital costs.

Standardized Operating Statement - Revenue from Operations

- Uses accrual statement
- Includes: sales of your products and services and crop insurance claims
- Does not include: gain or loss on disposal of assets, investment income, government payments, non-farm income
- These are included at the end under “other income and expenses”

Standardized Operating Statement – Operating Cost Categories

- Cost of goods sold
 - Material purchased as part of the farm's biological process: seed, fertilizer, chemicals, feed, breeding/seed stock, Crop Insurance payments
- Direct Operating Expenses
 - Costs of operation for machinery, equipment & automotive (R&M, fuel)
 - Labour costs
 - Costs of shipping
- Operating Overheads
 - Utilities, professional fees, office rent and utilities, promotional fees and advertising, property tax, bank charges etc

Standardized Operating Statement – Capital Cost Categories

- Cost of Capital
 - Depreciation/Amortization, rents – land and machinery, leasing fees, land clearing
- Interest Costs
 - Long and short term interest
 - Lease interest if available

Standardized Operating Statement - Cost Categories

(+)	Revenue from Business Operations (Sales)
(-)	Cost of Goods Sold (COGS)
(=)	Gross Margin (GM)
(-)	Direct Operating Expenses (DOE)
(=)	Contribution Margin (CM)
(-)	Operating Overheads (OH)
(=)	EBITDA
(-)	Depreciation/Amortization/Lease/Rent (CoC)
(=)	EBIT
(-)	Interest Expenses
(=)	Profit from Operations
(+/-)	Other Income/Expenses
(=)	Net Income before Taxes

BDO Benchmarking Study

- Third year
- Based on over 4000 farm records
- Done by Travis Jansen and me
- Sorted into farm type and into
- Quartiles based on profitability
- Profitability measured as net profit per dollar of sales

Financial Ratios for Grain and Oilseed Farms in Manitoba

Data Set	Manitoba Crops	Manitoba Crops	Manitoba Crops
QUARTILE	Average of Bottom 25%	Population Average	Average of Top 25%
# of data sets	1176	1176	1176
Revenue	\$1,002,952.26	\$1,085,740.79	\$1,051,339.20
Acres	1,921	1,789	1,432
Revenue %:	100.00%	100.00%	100.00%
Cost of Goods Sold %:	44.24%	36.72%	29.98%
Gross Margin %:	55.76%	63.28%	70.02%
Direct Operating Expenses %:	29.83%	23.16%	17.09%
Contribution Margin %:	25.92%	40.12%	52.93%
Overhead %:	7.34%	5.08%	3.62%
Operating Income %:	18.58%	35.04%	49.31%
Cost of Capital %:	30.59%	23.32%	16.67%
Earnings Before Interest and Taxes %:	-12.01%	11.72%	32.64%
Total Interest %:	4.07%	2.47%	1.06%
Earnings Before Taxes %:	-16.09%	9.25%	31.59%

Note the Variation Among the Same Type of Farms

- Assume \$2 million in Revenue
- Cost of Goods Sold (CoGS)
 - Range from 30-44% from most to least profitable
 - That's \$280,000
 - There are only three variables here – yield, price of products, cost of inputs.
- Direct Operating Expense (DOE)
 - Range from 17 – 30%
 - Another \$260,000 left on the table
 - There are only three additional costs here – labour, machinery expenses, and transportation cost

Note the Variation Among the Same Type of Farms

- Operating Overheads (OH)
 - Range is only 4%, but still \$80k
 - Could be a variety of factors
 - Likely expect OH to be ~ 10% for sod/landscaping
- Note Operating Income (EBITDA)
 - Accumulation of effects of first three (operating) costs
 - Most profitable have \$900,000, Least have \$250,00
 - “Cash is King”, “Banks Always Get Their Money”
 - Severe limitations if not enough EBITDA

Operating Income Results Show Up in Addressing Capital

- Cost of Capital (CoC)
 - Range is 14%, or \$280,000 from most to least profitable
 - This is depreciation, leasing costs and land rent.
 - “Assets Are Not Pets”
 - Note that least profitable would not be profitable even with most profitable capital costs.

It's Not All About Cost

- The ratios have both revenue and cost in them.
- Cost ratios can be low because costs are low or because revenue is high
- See per acre analysis

Table 2.2. Per Acre Analysis for Manitoba Crop Farms

Data Set	Manitoba Crops	Pte	Manitoba Crops
PERIOD	All Years	All Years	All Years
QUARTILE	Average of Bottom 25%	Population Average	Average of Top 25%
# of data sets	918	918	918
Revenue	\$1,031,698.67	\$1,134,034.94	\$1,157,924.48
acres	2,354	2,292	2,107
Revenue / acre:	\$439.51	\$500.81	\$548.03
Cost of Goods Sold / acre:	\$189.88	\$180.02	\$164.35
Gross Margin / acre:	\$249.63	\$320.78	\$383.68
Direct Operating Expenses / acre:	\$131.53	\$117.44	\$99.18
Contribution Margin / acre:	\$118.10	\$203.34	\$284.50
Overhead / acre:	\$33.24	\$25.10	\$19.75
Operating Income / acre:	\$84.86	\$178.24	\$264.74
Cost of Capital / acre:	\$132.07	\$115.92	\$95.77
Earnings Before Interest and Taxes / acre:	-\$47.20	\$62.32	\$168.98
Total Interest / acre:	\$16.79	\$12.25	\$7.39
Earnings Before Taxes / acre:	-\$63.99	\$50.07	\$161.58

It's Not All About Cost-Turning Ratios Around Shows Farms' Ability to Generate Revenue From Their Resources

- Most profitable
 - Operating Costs are 51% of Revenue
 - $.51 \times \$1.05 \text{ M} = \535 K
 - $1.05 / .535 = \$1.96 / \$ \text{ Operating Cost}$
- Least Profitable
 - Operating costs are 81.5% of Revenue
 - $.815 \times \$1.003 = \817.5K
 - $1.003 / .8175 = \$1.23 / \$ \text{ Operating Cost}$

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Financial Ratios for Grain and Oilseed Farms in Manitoba

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It's Not All About Cost-Turning Ratios Around Shows Farms' Ability to Generate Revenue From Their Resources

- Most profitable farms' Cost of Capital 16.7%
 - $.167 \times \$1.05 \text{ M} = \175.5 K
 - $1.05 / 175.5 \text{ K} = \$5.99 / \$ \text{ Capital}$
- Least Profitable COC 30.5%
 - $.305 \times \$1.003 = \306 K
 - $\$1.003 / .306 = \$3.28 / \$ \text{ Capital}$

Using the Benchmarks to Diagnose Strategic Issues

- Benchmarks are useful in diagnosing how well you are doing and where you have issues.
- Three (almost) actual example farms

Table 2.3. Financial Ratios of Three Example Farms

	Farm A	Farm B	Farm C	Benchmark
Revenue	\$1,500,000	\$1,500,000	\$1,500,000	
Cost of Goods Sold	25.5%	36.5%	31%	30%
Gross Margin	74.5%	64.5%	69%	70%
Direct Operating Expense	23.5	37.0	21	17.5
Contribution Margin	51	26.5	48	53
Overhead	3.0	3.0	3.0	3.5
Operating Income	48 \$720,000	23.5 \$352,500	45 \$675,000	49.5
Cost of Capital	14	16.6	34	17.5
EBIT	34	6.9	12	32
Interest	4.5	2.5	6.0	1.5
EBT	29.5 \$442,500	4.4 \$66,000	6 \$90,000	30.5

Can Add Balance Sheet Ratios

- For Some of the farms in the sample, we have enough balance sheet data to calculate Debt/Operating Income and Bank Debt/Operating Income
- Measures leverage – how risky is business?
- Outside of agriculture banks may covenant covenant less than 3.5
- Literally, if you use all of your operating income to only pay principal, how many years will it take to pay off?

Ontario Grain and Oilseed Farms

Data Set	Ontario Crops	Ontario Crops	Ontario Crops
PERIOD	All Years	All Years	All Years
QUARTILE	Average of Bottom 25%	Population Average	Average of Top 25%
# of data sets	816	816	816
Revenue	\$ 694,391.16	\$ 1,076,810.83	\$ 1,023,812.42
Acres	539	686	697
Revenue %:	100.00%	100.00%	100.00%
Cost of Goods Sold %:	40.42%	35.02%	28.48%
Gross Margin %:	59.58%	64.98%	71.52%
Direct Operating Expenses %:	39.82%	29.08%	20.85%
Contribution Margin %:	19.76%	35.91%	50.67%
Overhead %:	10.23%	7.26%	5.96%
Operating Income %:	9.53%	28.65%	44.71%
Cost of Capital %:	34.23%	26.28%	19.20%
Earnings Before Interest and Taxes %:	-24.70%	2.37%	25.51%
Total Interest %:	5.29%	3.99%	2.84%
Earnings Before Taxes %:	-29.99%	-1.62%	22.67%
Total Debt / Operating Income	6.0	4.8	3.0
Bank Debt / Operating Income	4.4	3.4	1.8

Ontario Dairy Farms

Data	Ontario Dairy	Ontario Dairy	Ontario Dairy
PERIOD	All Years	All Years	All Years
QUARTILE	Average of Bottom 25%	Population Average	Average of Top 25%
Number of Observations	992	992	992
Revenue	\$ 890,373.69	\$ 1,060,739.13	\$ 1,093,141.10
Units	98	117	109
Revenue %:	100.00%	100.00%	100.00%
Cost of Goods Sold %:	38.14%	31.27%	24.19%
Gross Margin %:	61.86%	68.73%	75.81%
Direct Operating Expenses %:	38.06%	31.77%	26.20%
Contribution Margin %:	23.80%	36.96%	49.60%
Overhead %:	9.07%	6.58%	5.12%
Operating Income %:	14.73%	30.38%	44.49%
Cost of Capital %:	21.21%	16.70%	12.73%
Earnings Before Interest and Taxes %:	-6.49%	13.69%	31.75%
Total Interest %:	8.48%	6.75%	4.77%
Earnings Before Taxes %:	-14.96%	6.93%	26.98%
Total Debt / Operating Income	13.0	8.0	4.6
Bank Debt / Operating Income	11.1	6.7	3.7

Ontario Beef Feedlots

Data	Feedlot Ontario	Feedlot Ontario	Feedlot Ontario
PERIOD	All Years	All Years	All Years
QUARTILE	Average of Bottom 25%	Population Average	Average of Top 25%
Number of Observations	112	112	112
Revenue	\$ 1,698,171.67	\$ 2,129,580.12	\$ 1,752,698.47
Revenue %:	100.00%	100.00%	100.00%
Cost of Goods Sold %:	77.09%	69.06%	54.48%
Gross Margin %:	22.91%	30.94%	45.52%
Direct Operating Expenses %:	18.40%	13.14%	11.86%
Contribution Margin %:	4.51%	17.81%	33.66%
Overhead %:	5.19%	3.68%	2.92%
Operating Income %:	-0.68%	14.13%	30.74%
Cost of Capital %:	14.79%	0.38%	7.44%
Earnings Before Interest and Taxes %:	-15.46%	.74%	23.29%
Total Interest %:	3.38%	2.85%	2.67%
Earnings Before Taxes %:	-18.85%	0.90%	20.62%

Ontario Broiler Chicken Farms

Data	Ontario Poultry	Ontario Poultry	Ontario Poultry
PERIOD	All Years	All Years	All Years
QUARTILE	Average of Bottom 25%	Population Average	Average of Top 25%
Number of Observations	243	243	243
Revenue	\$ 1,056,322.00	\$ 1,361,707.54	\$ 1,414,759.14
Revenue %:	100.00%	100.00%	100.00%
Cost of Goods Sold %:	55.06%	54.60%	48.85%
Gross Margin %:	44.94%	45.40%	51.15%
Direct Operating Expenses %:	23.47%	16.29%	11.83%
Contribution Margin %:	21.48%	29.11%	39.32%
Overhead %:	5.45%	3.73%	2.42%
Operating Income %:	16.02%	25.38%	36.91%
Cost of Capital %:	17.96%	11.77%	8.51%
Earnings Before Interest and Taxes %:	-1.93%	13.61%	28.40%
Total Interest %:	8.44%	5.69%	3.31%
Earnings Before Taxes %:	-10.38%	7.92%	25.09%

Some Lessons

- Knowing what to measure and measuring it can help understand performance
- Can help identify what the problems are and ways to fix them.
- Management is not just about cost control
- Importance of EBITDA
- Assets are not pets, capital should be working as hard as the farmer
- Helpful in debt management.

Generating Revenue – What Some Successful Farms Do to Improve Marketing

- A wide array
 - Some have moved to organic, either B2B or B2C
 - Some simply look for opportunities with downstream customers – provide volume – grain marketing or vegetables, - provide on-time and on-spec
 - Move to CSA – 750 customers in Toronto area, but veg and meat
 - Graze sheep in apple and cherry orchards, sell branded lamb through specialized retail stores
 - Start own store and farmers markets with product raised on our farm

Generating Revenue – What Some Successful Farms Do to Improve Marketing

- Integrating downstream and gearing up to transform turkey market from “bowling balls” to tray ready and fresh festive.
- Learning to use options, futures and charts to make better commodity pricing decisions.
- Adding enterprises to make better use of relatively fixed labour costs.
- Contracting directly with processors for delivery of raw material.

Strategy/Strategic Planning

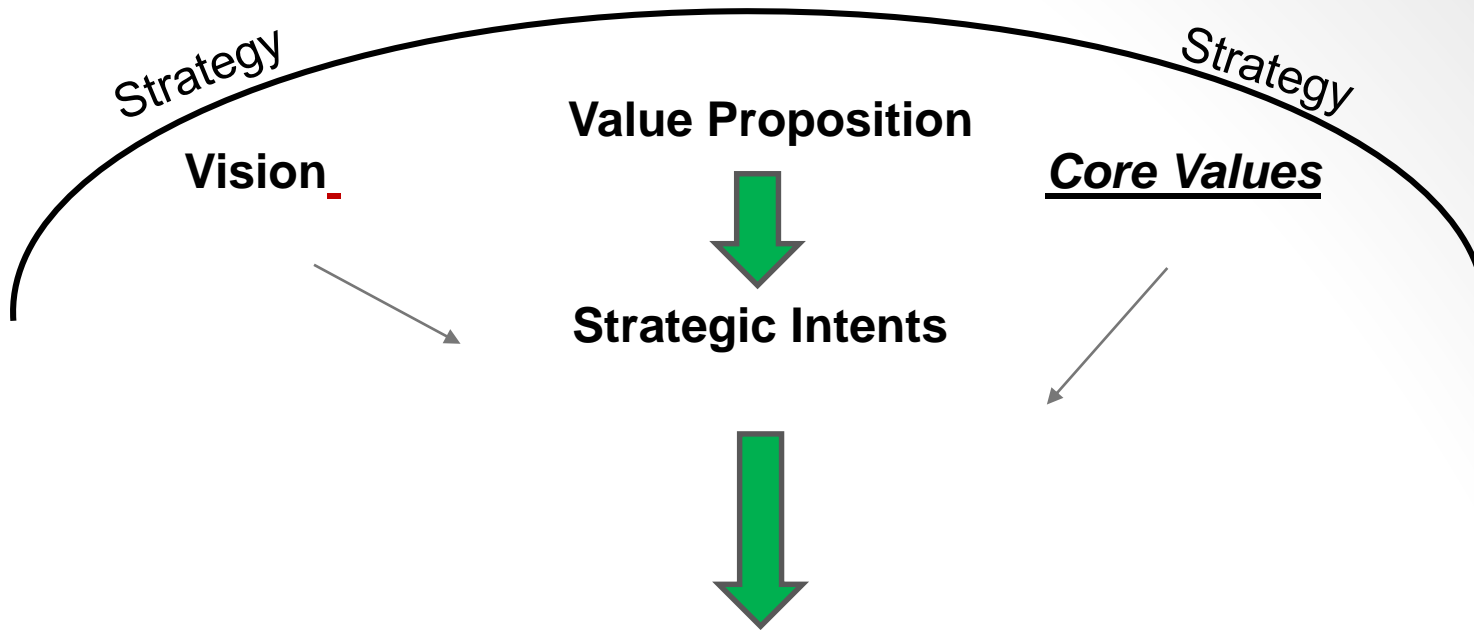
- What is strategy?
 - Most mis-used word in business
 - **“The set of integrated choices that define how you will achieve superior performance in the face of competition” – Magretta/Porter**
 - Not the goal (eg be #1)
 - Not the actions (eg build a new barn, rent more land, hire more people)
 - Rather it is how one positions the organization to achieve the goal (vision, value proposition) and actions taken to achieve the positioning

Strategy/Strategic Planning

- In business, it defines ***what makes you unique***
- Also defines what you won't do.
- What is “superior performance”?
 - In business it is return on invested capital higher than the industry average (Porter)
 - What is your definition?
 - What is average return on invested capital in agriculture?
- “Positioning” reflects choices you've made about the **kind of value you'll create** and **how you will go about creating it.**

LM Paraphrasing Magretta

- Strategy is organizing and focusing a firm's internal value chain to deliver on a unique value proposition to its target customers in order to earn profits higher than the industry average
- We will define the process and the definition of the value chain in the next several slides



Operating plans and Implementation:

- Actions, Accountabilities, Timelines, Resources Required, Measures



Feedback/Management Systems

- Management, Supervision, Coaching, Incentives, Rewards.
Management Information System



Visions

A vision answers the questions, What do we want to be? What impression do we want to leave with people?

- Is eternal, not measurable
- Is a picture of the future we choose to create.
- Seems unlikely to occur from where we are today
- What we are committed to
- It calls our people to action

Visions

- Like core values, vision provides an internal check against the other elements of the plan – is this (value proposition, strategic intent) consistent with what we want to be in 20 years?
- While eternal, it's not a fantasy or a pipe dream, but may be “unthinkable”
 - “We will put a man on the moon and bring him back safely by the end of the decade.”
 - U.S. President John F. Kennedy, 1961
- Is short enough for people to remember

Visions

Transformation:

“The important thing is this: to be willing at any moment to sacrifice what we believe ourselves to be, for what we could become.”

Charles Du Bos, (1882-1939), French
Literary Critic

Core Values

- The ethical foundations of your operation
- How we will treat: each other, our employees, customers, suppliers, environment (soil, water, air), animals
- What is really important in our operations – eg customer service, continuous improvement, continuous learning, profitability, safety, improving natural environment, respect, orderliness,...

Core Values

- Two of ours at AME:
 - Challenge – We like it
 - Nothing is more satisfying than seeing people and organizations realize their potential

We Are Looking for Opportunities

- Opportunity is the potential to create something that **adds value for its buyers or end users by solving THEIR problem**
- Opportunities have the potential to generate superior profits IF YOU ARE ORGANIZED TO CAPTURE IT (the opportunity)
- AGAIN, this is about what value you can offer that makes you different from the rest of the industry

Forms of Opportunities/Innovations

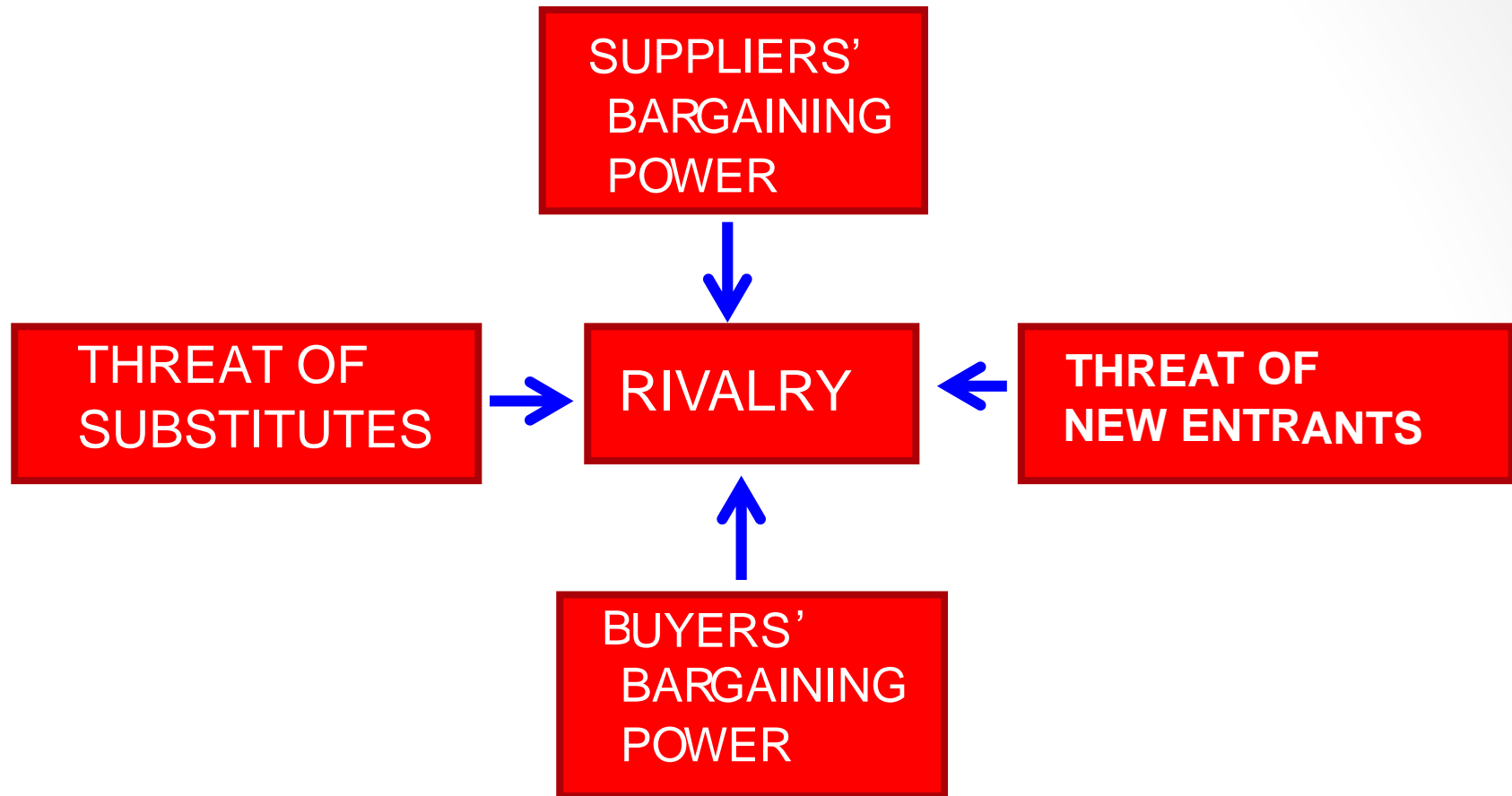
- Examining the external environment unearths new opportunities that give the possibility of innovation – ie the possibility to be creative. Innovations can take five different forms.

1. New products and services
2. New methods of production
3. New markets
4. New ways of organizing
5. New raw materials

The External Analysis

- One way to look at it is in the external components of the next slide, which categorizes potential trends that will be reflected in Porter's Five Forces
- What's changing in each that is affecting your market and how is it affecting it?

Porter Likes 5 Forces



But We Think These External Categories Are More Straightforward

Markets &
customers

Policies, laws
& regulations

Suppliers and
competitors

Technology,
Socio-economic
Factors

Policies, Laws, Regulations

- What actual or potential changes in Canadian (local, provincial, federal) policy could help or hinder us?
- What foreign government policies give us opportunity or risk?
- Is there opportunity to help mold policy going forward?

Technology, Socio-Economic, Other

- What technological developments may help you reduce costs, improve product quality/characteristics or help you grow?
- Are there socio-economic factors that may stimulate a change in markets that you can be in front of, eg:
 - Aging population
 - Increasing immigration from Asia and Africa

Competitors and Suppliers

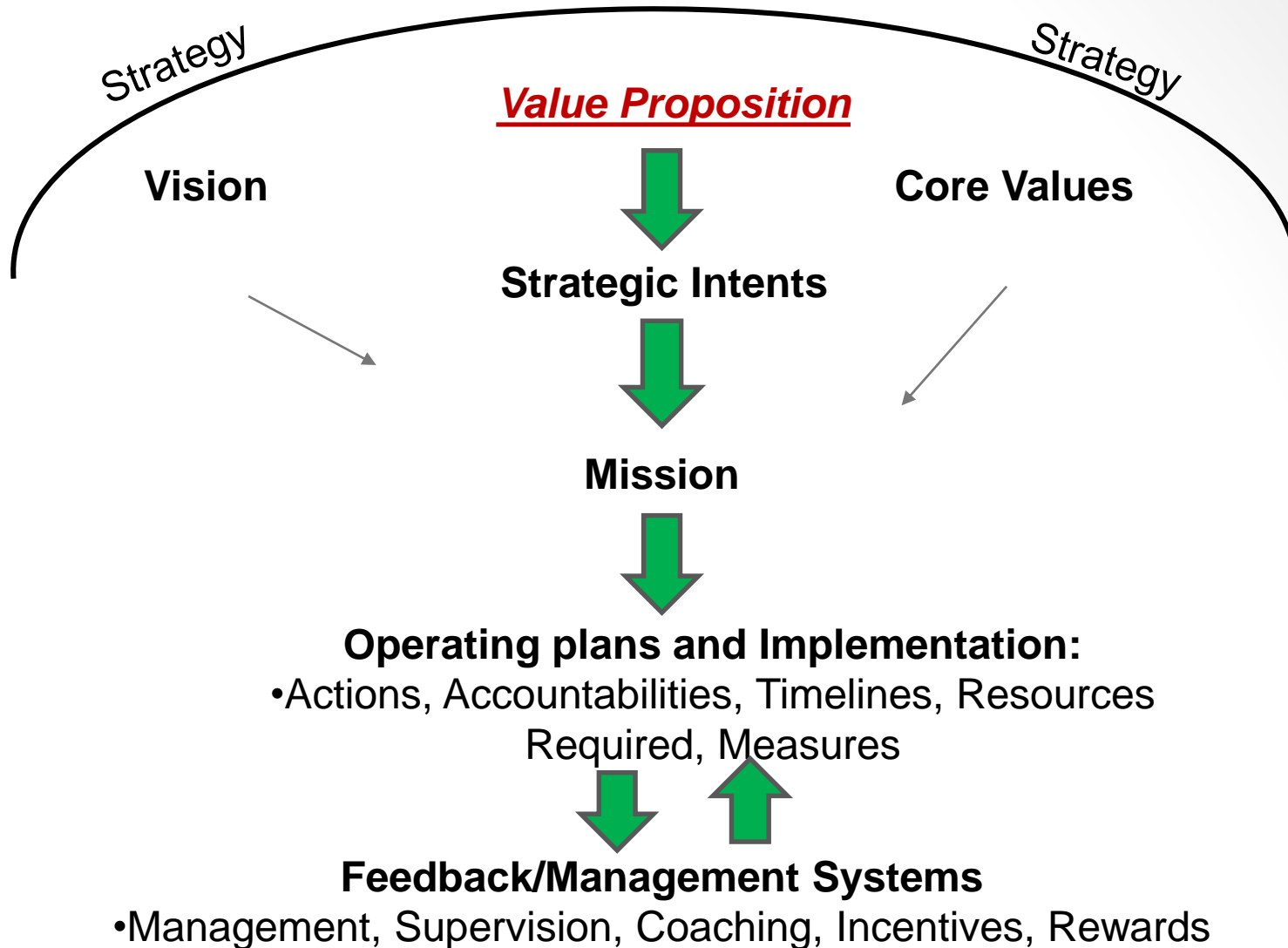
- What are competitors doing that, if we did or stopped doing, would give us competitive advantage?
- Are competitors not doing things that would give us advantage if we did them?
- Is there a market leader we need to emulate? What are they doing?
- Are there potential competitors on the horizon who could become a major factor?
- Are there potential changes in farms/firms or markets that could improve supply chain costs?
- Changes that could affect our location(s)?

Markets and Customers

- What's changing in the markets for our products and our actual and potential customers that gives you opportunity, threatens your success, or increases your risk? Are there opportunities for changes in either intrinsic or extrinsic characteristics?
- Are there opportunities for you to help reduce supply chain cost?
- What do customers want that you're not now providing that would be of value to them? How much value?
- What is the pricing mechanism? Is there opportunity to realize premium prices?
- Are there factors in your customers' customers' markets that you can help with to increase your value to your customers?

If You Don't Know the Answers to

- Some of these questions, but would like to
- Spend some time talking to customers and potential customers to find out what their problems are, how you might help them and what it would be worth to them



Two Examples

We will produce a consistent, year round supply of high quality, low cost, safe goats' milk selling directly to the processor, capitalizing on pricing premiums

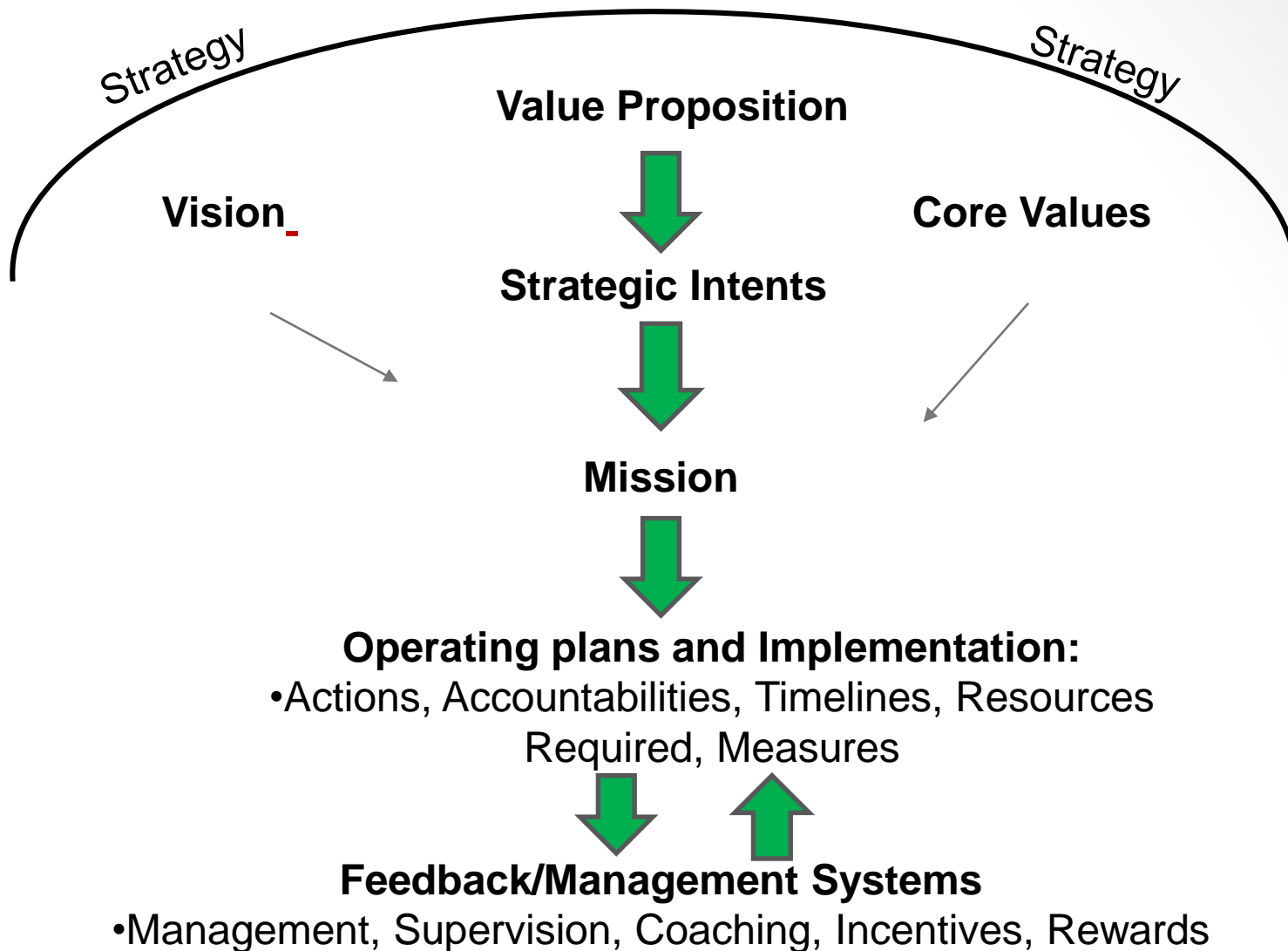
We will produce quality commercial breeding genetics for new entrants or expanding producers at a premium price

- ***Belwood Poultry will focus on fresh cuts and fresh festive turkeys to retailers as well as cut up and ground products to further processors at prices more competitive with chicken.***

Step 2. Develop your Value Proposition

From your external analysis, what is your value proposition? How will you respond to the opportunities that you've identified? Which ones will you pursue? Which ones will you not pursue? How do you want to position your farm business?

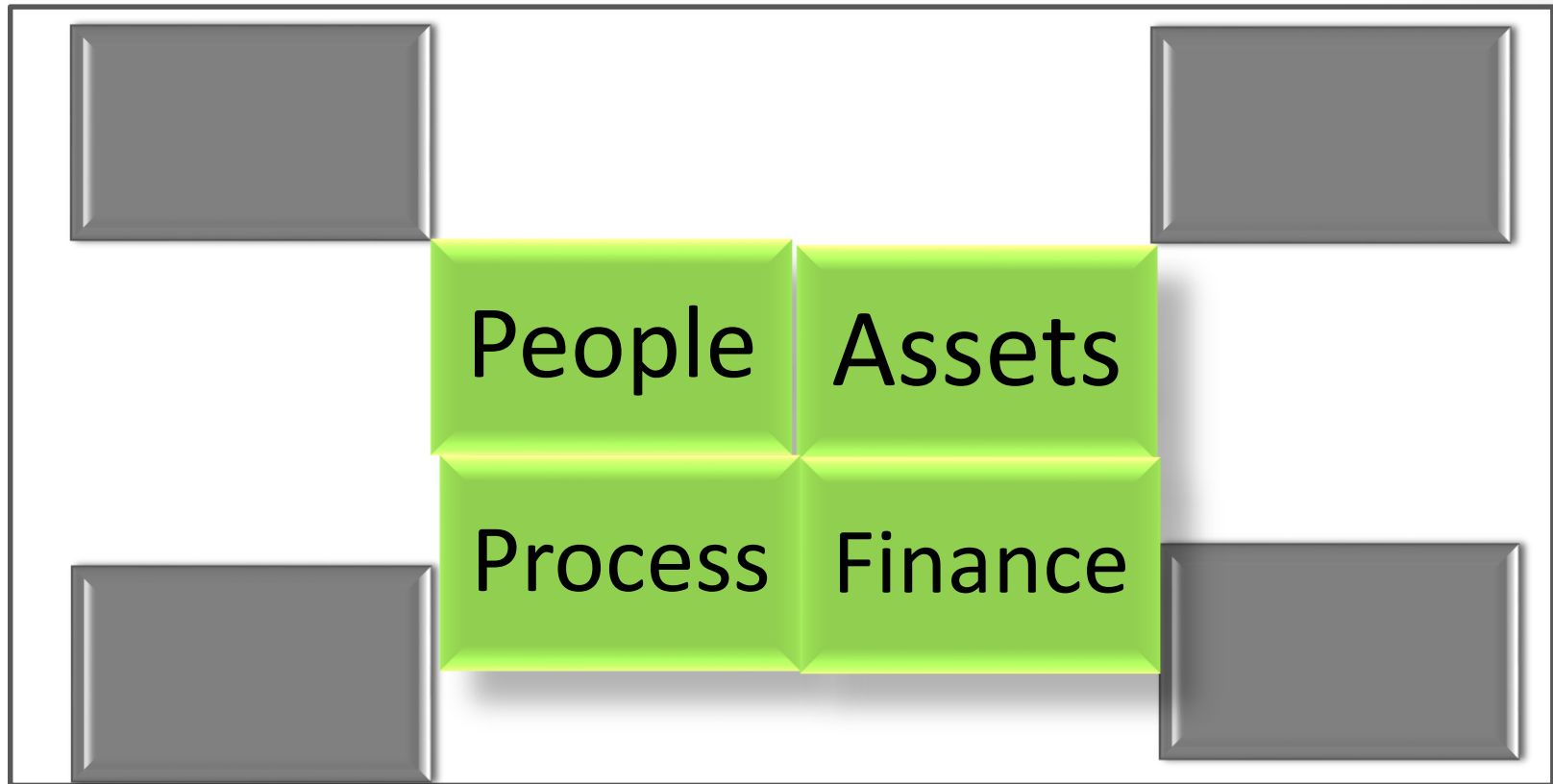
- What products and/or services will you offer – ie what needs or wants will you try to service?
- Where will you sell in the value chain? What set of customers will you cultivate?
- How will you price your product or service relative to the market?



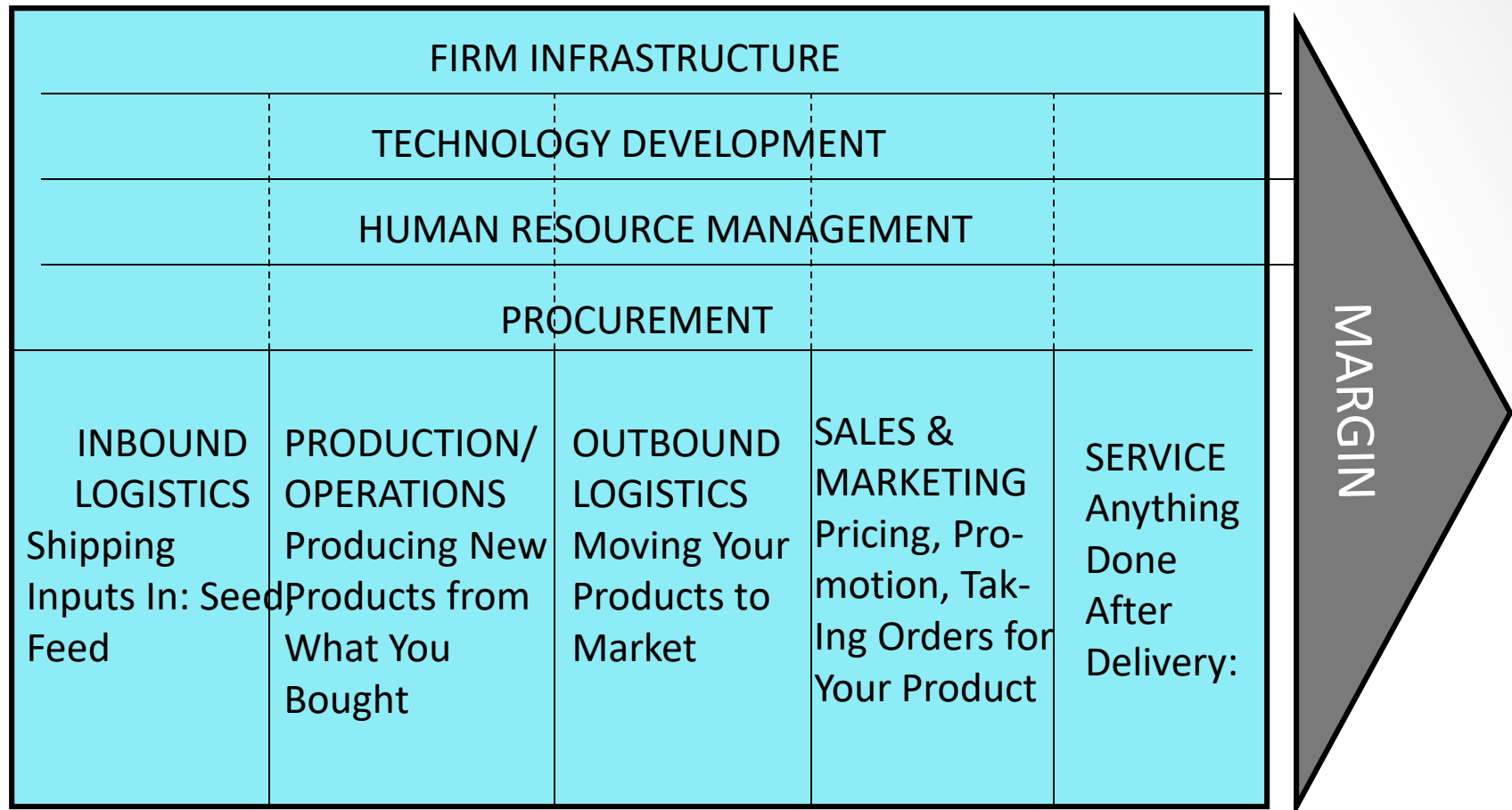
Step 3: Examine the Internal Environment

- Analysis of what you do control and ***how you can organize to deliver better, more consistently, and/or at lower cost on your value proposition***
- Can think of it at a big picture level as the interior of the next slide, or in more detail as in Porter's Value Chain Model
- Here we prefer the Porter approach

Internal Categories



An Approach: The Value Chain (Porter 1985)



Porter's Value Chain Model

- Porter's Value Chain: what are the activities (functions) in the firm; how do they interact with each other; how do they interact with buyers and suppliers?

Porter's Value Chain

- Porter identifies all the potential activities in your business that can contribute value
- The bottom row is the primary processes directly involved in creating something that has more value than the things used to create it
- The upper activities are those that support the primary activities and that can make the primary activities more or less effective.

Value Chain

- The primary activities are where value is created for the customer most visibly
 - Product (intrinsic) characteristics/ attributes
 - Extrinsic characteristics (marketing)
- The secondary activities are less visible
 - Often lead to efficiency or consistency (“bang for buck”)

How to Approach the Internal Analysis

In identifying gaps, ask:

- What are we doing really well that we can leverage to deliver better on our value proposition – ie what gives us cost or differentiation advantage that we can leverage?
- What are we not doing well enough – ie what needs to be improved to reduce costs or improve differentiation?
- What are things we are not doing but should be doing against our value proposition - what new things can we do to obtain cost or differentiation advantage?
- What should we not be doing that we are doing – ie what can we do away with because it's not necessary or hire out to someone who does it better?

Internal Analysis

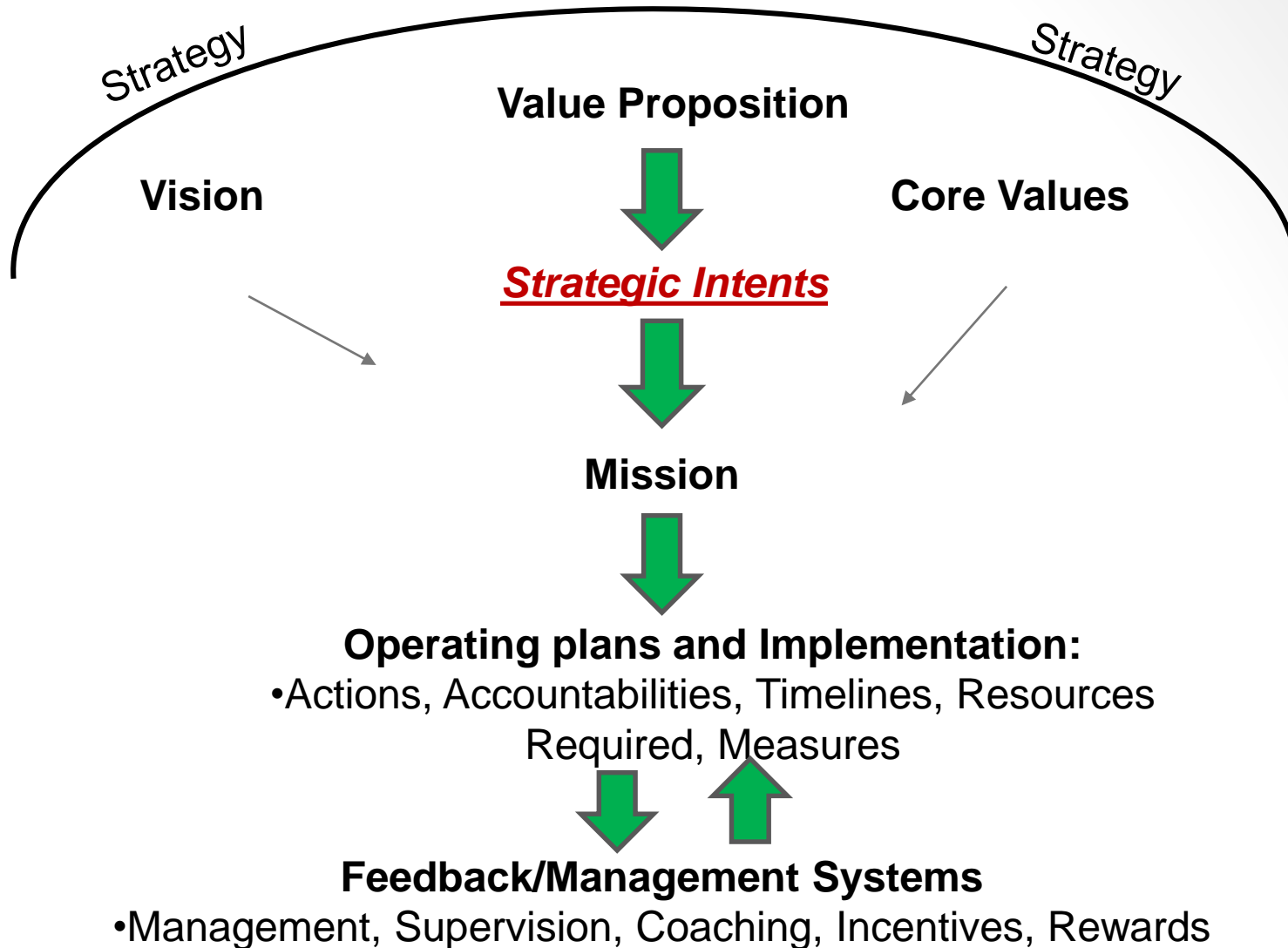
5 FORCES	DOING WELL	NOT WELL	SHOULD BE	SHOULDN'T BE
INBOUND LOGISTICS	Managing crop requirements	Market timing of purchases	Fertilizer storage – liquid	Custom fertilizer application
PRODUCTION OPERATION	Operation timing – seeding/spraying	Field scouting & water application management	Fertigation Better not bigger	Spring floating application
OUTBOUND LOGISTICS	Bin yard development	Storage capacity	Self vs. custom hauling analysis	Moving grain from bin to bin
SALES & MARKETING	Production contracts	Branding our self-image	Accessing niche markets	Selling for cash flow
SERVICE	PR – communicate with clients	Exploring other value that we can provide	Growing more than 1 product per company	Over-accommodating

As Part of the Internal Analysis

- You should also include analysis of your financial ratios
- Operating ratios (Gross Margin, Contribution Margin, Operating Efficiency (Operating Expense) all tell about your efficiency and cost control – measures of whether you are good at various things
- Cost of Capital/EBITDA can tell if you are overcapitalized
- Current ratio and Debt/EBITDA tells about your liquidity and long term solvency – measure your ability to grow and invest
- Together they help identify potential strategic avenues
- More about this on Friday.

External Environment

Internal Environment



Step 4: Identify Strategic Intents

- ***Based on your internal analysis*** what are ***four major strategic strengths you need to leverage or major weaknesses you need to overcome*** so you can deliver consistently, effectively and profitably on your value proposition?
- They are not individual actions – eg not building a new barn, or buying a new air seeder – what's the strategic benefit of the barn, or the seeder? Other actions probably need to be taken in conjunction with the barn to achieve the intent – eg HR
- Provide the basis for your operating plans –It's where the actions will be identified to achieve your strategic intents - ie what are the actions, accountabilities, time lines and resources require to accomplish the intents?

An Example

1. To transition from two herds to one with no loss of productivity or efficiency
2. To increase production per doe by 35% over 4 years
3. Improve organizational efficiency through streamlined procedures, SOPs and increased management
4. To transition from two herds to one with no loss of productivity or efficiency
5. To increase production per doe by 35% over 4 years
6. Improve organizational efficiency through streamlined procedures, SOPs and increased management

Turning it Into Actions

- Using the KISS Principle, have a strategic review document that identifies actions, accountabilities, timelines, resource requirements, measures
- See below

How Had Canada Responded to Trump's Trade War?

- Not well!
- Three aspects – NAFTA/USMCA, TPP, China
- NAFTA – Trump says NAFTA is “worst trade deal ever”
 - Partners renegotiated it.
 - Major changes – US gets Canadian dairy TRQ's of 3.6% instead of 3.25%, slightly improved labour standards for autos produced in Mexico
 - Looks like it will be accepted by US Congress by end of year.

TPP

- Trade agreement among 11 Pacific Rim nations
- For agriculture, big prize was Japan and Vietnam, who are highly protected
- US did most of the negotiation to get improved access to those markets
- Trump pulled out at the last moment, giving esp Aus and Canada preferred access to Japan/Vietnam
- Caused problems for Trump in farm belt states.
- Trump now has a preliminary agreement with Japan

China Trade War

- Best opportunity for Canadian agriculture in decades. – canola, pork, beef, wheat, dairy genetics
- Our Prime Minister has managed to almost completely make sure we miss it
 - Huawei Executive
 - Human rights

Have lost Chinese canola market, much of the meat opportunities, dairy genetics.