

## The Business Of Farming – bOTSWana Analysis

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

**By Stan Parsons**

It's all very well to talk about making strategic level decisions but where does one start? I remember very clearly that filled with the importance of completing a brand new degree in animal husbandry my father took the wind out of my sails when he gave me free rein to make changes to the management of our large dairy herd, which also happened to be the highest producing herd in the country.

Having used my newly acquired knowledge to query nutrition, genetics, health and milking techniques I was forced to concede that there was nothing I could do to improve on what Dad was already doing. That experience was the beginning of my interest in economics. Like so many youngsters our training in agriculture emphasised production. Yes, we did have a course or two in economics, but in hindsight even those were hopelessly inadequate in training one how to run a business. A master's degree in economics and agricultural economics at an American university followed. It was a wonderful degree with heavy emphasis on advanced math and computer models, but I never learned a thing about how to make a profit in agriculture.

The answer lay not in what I had learned at university, but in synthesising the lessons learned from working with hundreds of people all over the world and by reading numerous books on business management.

One of the techniques I learned was the SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. Analysing the business for each of these factors provides a pretty good overview of business problems and opportunities. However it took a friend, an Australian professor, to point out that the order is wrong. Traditionally, farm management planning starts by looking at the assets available – the class of land, available capital, skill of the operator etc. In a word we focus on the strengths and are constrained by what we have rather than by what we want.

As Dr. Geoff Watson pointed out, that immediately limits one's thinking to the resources at hand. Instead he suggested, look at the opportunities first and then say, "What resources do I need in order to take advantage of this opportunity?" It may seem to be a small point but it can have enormous consequences. How often one hears that something can't be done because ... and there follows a litany of constraints. We don't have the money. Our hands are already full. It may work there but there's no way it will work here. We don't have the knowledge. Our labour is different from theirs ... Instead of always being negative and playing the devil's advocate take a positive approach. Look for the opportunities and then find ways to turn those opportunities into realities.

As a result of Watson's suggestion a member of the Texas Executive Link chapter coined the acronym bOTSWana which stands for **brainstorm, Opportunities, Threats Strengths and Weaknesses to achieve new actions**. So back to the question 'where does one start?' A bOTSWana analysis, of the business as a whole, provides the basis of an agenda for future WOTB meetings. *For most businesses the critical elements are*

*the opportunities and the threats, because these are likely to be the factors that either make or break the business.*

Opportunities frequently fall into the category of under-exploited resources. I am reminded of a client in New Mexico who said to me that he was planning to sell the beauty in the land but intended to keep the land. At first I thought he had taken leave of his senses, but as he pointed out land has many uses and values other than agricultural production. What he wanted was the right to graze cattle, but other people were interested in the recreational opportunities that his ranch provided. He went on to sell a limited number of home sites to people who wanted the advantages that living on a mountainous ranch provided without the day to day headaches of being a rancher. Thinking back to my article on finance this man freed up the capital he had tied up in the things he meant to keep and turned it into working capital. Working on the business instead of just in it made him a multi-millionaire before he was 40.

In similar vein a short period spent on WOTB identifying the threats in the business and taking steps to eliminate them can have a major impact on success. Give it a try. Get the family together for a brainstorming session. Make four lists each identifying the opportunities, threats, strengths and weaknesses in your business. Most important of all don't get bogged down explaining why it won't work. Remember that in just the same way that every dark cloud has a silver lining opportunities may be hidden in the threats.

In my next article I will discuss how to prioritise the results of the bOTSWana analysis.

*Dr. Parsons who developed the Ranching For Profit School is in the business of putting profit into agriculture and small businesses. His latest book is called "If You Want To Be a Cowboy, Get a Job". For more information visit [www.ranchmanagement.com](http://www.ranchmanagement.com) or phone 707/429-2292*