

Ranching for Profit.

Putting Profit into Agriculture

Newsletter #69

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IS THE WOTB GETTING DONE?

In a recent seminar in South Dakota, I explained that one of the questions we ask in Executive Link Board sessions is “Would you invest \$50,000 in this business?” One rancher asked how I would make that determination. I rattled off a few things, but that evening I sat down and wrote a two page check list of questions I would ask before investing. Among the things on the list were:

| | No | ? | Yes |
|--|----|---|-----|
| • Are the people in the business working together and pulling in the same direction? | | | |
| • Do they have a long-term plan and have they done economic and financial projections for the plan? | | | |
| • Do the economic and financial ratios indicate economic health and financial security? | | | |
| • Have they made significant progress toward achieving the plan? | | | |
| • Are they on top of the current economic and financial situation (do they know the gross margin of each enterprise)? | | | |
| • Have they included opportunity costs in their calculations? (If they haven't, they are probably subsidizing the business.) | | | |
| • Do they have a current 12 month cash flow projection? (Is it updated monthly?) | | | |
| • Do they have an effectively organized office? | | | |
| • Do they hold regular, effective WOTB meetings? | | | |
| • Are the soils stable and healthy? | | | |
| • Do they have healthy, productive crops and/or livestock? | | | |
| • Do they have a marketing plan? | | | |
| • Do they have a plan for managing the cattle cycle? (What's the trigger mechanism?) | | | |
| • Will the operation survive when a key person quits, is injured or dies? | | | |
| • Do they have an management succession plan, including a plan to train the next generation? | | | |
| • Do they take care of themselves physically and emotionally? | | | |

If the answer to any of these questions is “no” or “I don't know” I'd think twice about investing. Now go back and answer each of these questions for your own business.

AN OFFER YOU CAN'T REFUSE

Here's an offer you can't refuse! There is a simple, low-cost, sure-fire way to change your “No” and “I don't know” answer on these \$50,000 questions to “YES!” We call it the **Alumni Business Plan**.

I sometimes think of the Ranching for Profit School as a high performance car. We work with powerful principles that can make a big difference to your land, your life and your bottom line. But that vehicle won't take you where you want to go without gas in the tank or a road map to guide you. In our Alumni Business Plan you will tune up your engine, fill up your tank, plot your route and start driving your business to its potential. When you enroll your business four things will happen:

1. You will repeat the Ranching for Profit School. Repeating the school will recharge your batteries and get you thinking outside the box. (*Value = \$100*)
2. Two others from your business will attend the school. If you've been thinking about getting Mom & Dad or the Kids, or a brother or sister to the school, this is a great opportunity to start speaking the same language and pulling in the same direction. If there are more than two new people you want to bring through the school, their tuition will be \$500 each. We recognize that someone may need to stay home and hold down the fort while you are at the school. So as long as you all attend in this school cycle, you don't all have to attend the same school to take advantage of this program. (*Value \$3,400*)
3. You will complete the Grad Link program. The Grad Link program will provide the structure, personal attention and focus most of us need to effectively accomplish the WOTB work in a timely fashion. It will assist you in taking the principles taught at the school and applying them to your business. (*Value \$2,500*)
4. You will be able to answer "Yes!" to the 50,000 question.

This would normally cost \$5,000, but the Alumni Business Plan is only \$2,500 (the cost of the Grad Link). In other words by enrolling in the Grad Link, you'll repeat the school for free, bring two other from your business through the school for free, and get the continuing education, structure and accountability most of us need to get this critical WOTB work done through the Grad Link program.

GRAD LINK. WHAT'S THAT ALL ABOUT?

The Grad Link is a one-year program consisting of three meetings. Grad Link meetings are usually held at the facilities where the Executive Link meets. Currently there are Executive Link chapters in California, Colorado and Alberta. However, this year we conducted Grad Link programs in Montana and Texas. Locations will depend on alumni interest.

After leaving the school, Grad Link participants will be given five step-by-step assignments to complete prior to the first Grad Link meeting. If questions or problems arise between meetings, a coach is just a phone call, e-mail or fax away.

During the first part of the first Grad Link meeting we will review your numbers and compare your fingers to economic and financial ratios to look for strengths and weaknesses in your business. During the second part of this meeting we will work on some of the critical "people" issues that face most businesses. Specifically, we will show you how to conduct effective WOTB meetings at home and get everyone pulling in the same direction.

When you head home from the meeting, you'll have specific assignments to help you apply the things you learned to your business. Again, assistance is a phone call, fax or e-mail away. In special situations on-site facilitation is available.

The second Grad Link meeting will begin with a review of your progress and additional tips for increasing your effectiveness. However, the primary thrust of the program will be ecology, biological planning and developing production policies that fit the environment and improve the health of the land.

Again, when you head home from this session. You'll have specific assignments to carry out...and again, help is available.

At the beginning of the third and final Grad Link meeting we will review and discuss the assignments you completed. You will have created a baseline of economic and financial information (assignments completed prior to the first meeting), information about the people (assignments completed prior to the second meeting) and baseline data on production practices and the health of the land (assignments completed prior to the third meeting). Furthermore, you will have compiled all of this into a business report that will impress any loan officer, government regulator, or prospective investor. Most important, you'll have a firm handle on what's going on in your business.

We know you'll get a heap of value out of the Grad Link. In fact, while there is no obligation to continue, we think most Grad Link participants will want to continue their progress by joining the Executive Link (see below). For this reason we use the final portion of the third Grad Link meeting to provide training on becoming an effective board member. You'll also participate in an EL style board meeting.

The Grad Link breaks down critically important and often imposing tasks into bite size pieces with hands-on support at every step.

Three for free (to the school) by enrolling in the Grad Link...anyway you size it up, that's a great deal.

EXECUTIVE LINK

In Executive Link your business will be teamed with 3 to 5 other businesses to form a board. Your board members will meet with you three times a year to offer objective observations about your practices. In turn, you'll advise each of them on the issues facing their operations. Even more important, your board will hold you accountable for the work you commit to accomplish between meetings.

There are several Executive Link chapters around the world. Each EL chapter consists of 3 or more boards. Each chapter holds board meetings three times a year. A Ranch Management Consultants facilitator chairs the chapter meeting and sits in on some of the board meetings where particularly difficult or sensitive issues are being addressed.

In addition to the board meetings, the EL also includes an educational program. The program this next year will stress "Risk Proofing" your business. Sessions will tackle risk relating to people, money, production and the environment. As in the Grad Link, you'll be given assignments between meetings to apply the concepts to your business.

Many EL boards continue to meet after the 2-year educational program, finding that the objective insight and accountability offered by the board is too valuable to lose. Some EL members have stayed with the program since its inception in 1991.

If the Ranching for Profit School is about *education*, the Grad Link and Executive Link are about *implementation*. FL & EL provide the time, objectivity and accountability to get your critical WOTB work done.