
Introduction
Strategic
Tactical
Operational
Ag Risks
Do It Yourself
Step 3:
Establish Risk Goals
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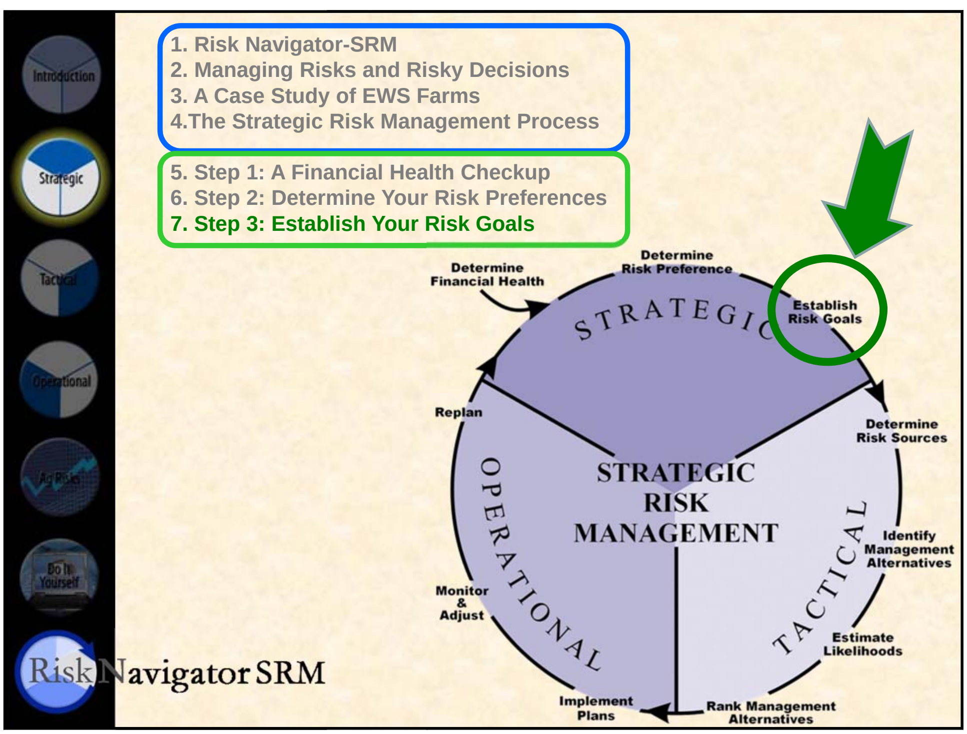
RiskNavigator SRM
RMA


Introduction
Strategic
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1. Risk Navigator-SRM
2. Managing Risks and Risky Decisions
3. A Case Study of EWS Farms
4.The Strategic Risk Management Process
5. Step 1: A Financial Health Checkup
6. Step 2: Determine Your Risk Preferences
7. Step 3: Establish Your Risk Goals
Determine Financial Health
Determine Risk Preference
Establish Risk Goals
STRATEGIC
Determine Risk Sources
Identify Management Alternatives
Estimate Likelihoods
TACTICAL
Rank Management Alternatives
Implement Plans
OPERATIONAL
Monitor & Adjust
Replan
STRATEGIC RISK MANAGEMENT
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Alice: “Which way should I go?”

Cheshire cat: “That depends on where you are going.”

Alice: “I don’t know where I’m going!”

Cheshire cat: “Then it doesn’t matter which way you go!!”

Lewis Carroll, 1872
Through the Looking-Glass

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Why Plan?

- Allows for communication of intentions
- To overcome road blocks
  - Commitment
  - Impatience
  - Self-discipline
  - Past failures
- Part of the cycle of learning

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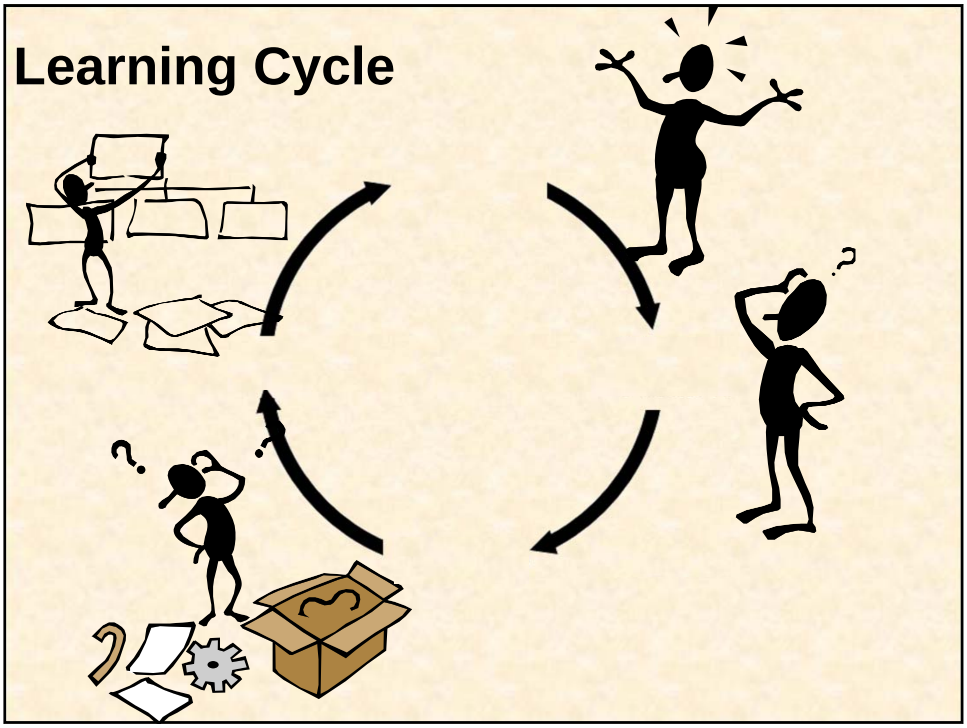
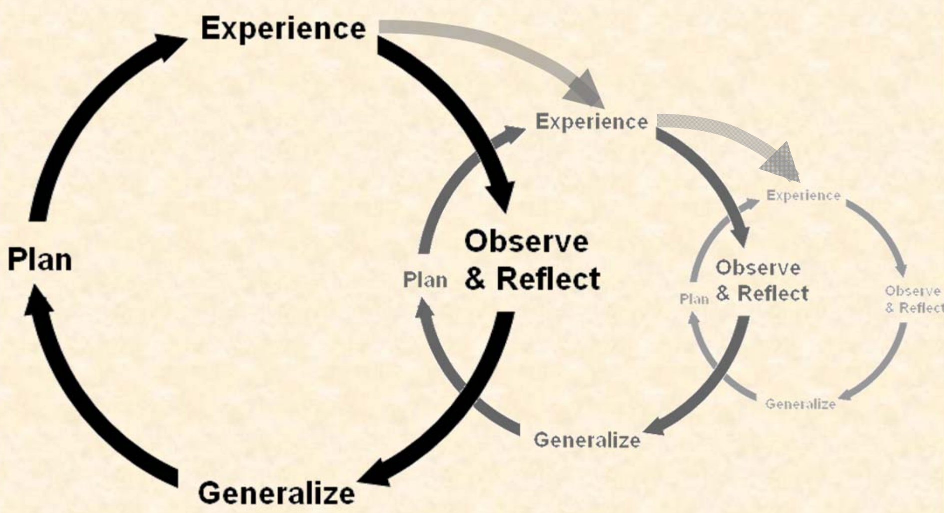
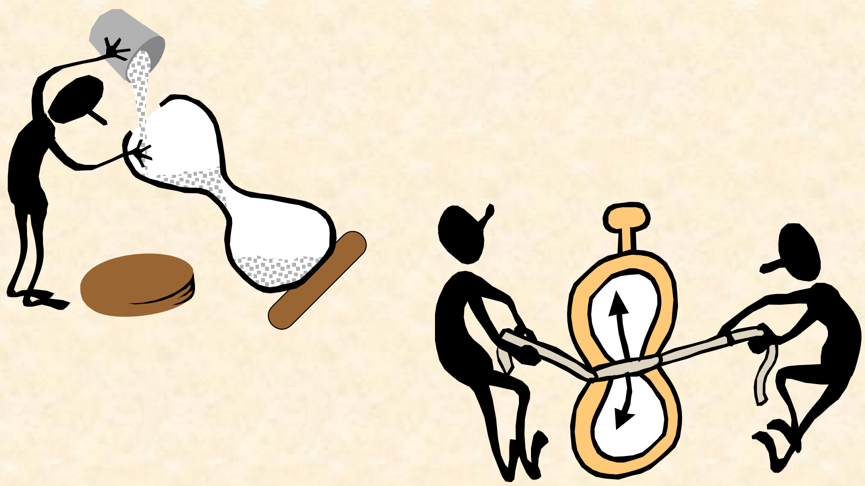
Learning Cycle



Learning Cycle



Why Plan? . . .
Time Management



Time Management

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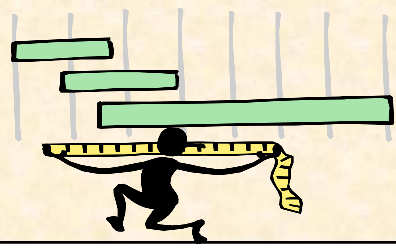
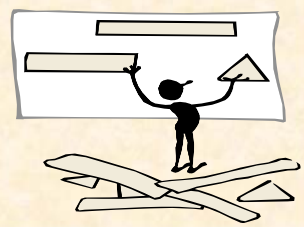
	Urgent	Not Urgent
Important	**Quadrant I**	**Quadrant II**
Not Important	**Quadrant III**	**Quadrant IV**

Adapted from Covey (1989)

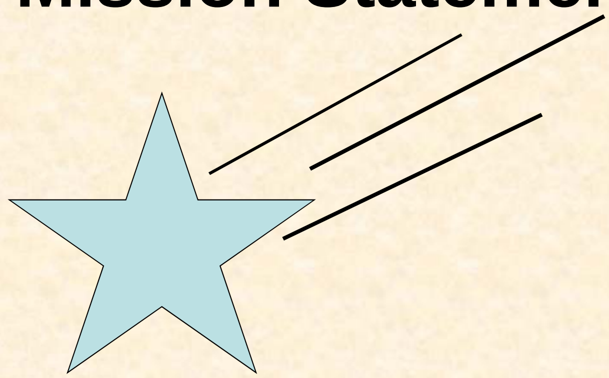
Planning

- Can help us move forward
- Help us define what direction “forward” is for ourselves and others involved
- Gives us a chance to be proactive in our management, rather than reactive to the forces and factors of change





Mission Statement



Is the guiding star by which to steer the operation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Mission Statement
First step:
Determine *who* is on the Management Team
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Do It Yourself
Mission Statement
Second step:
Develop a Written Mission Statement
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Mission Statement

Answers Basic Questions Like:

Who am I (are we)?

Where am I (are we)?

Where am I (are we) going?

Why am I (are we) doing this?

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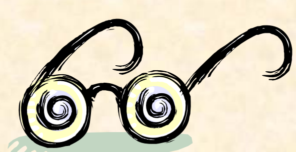
A Mission Statement Provides

VISION



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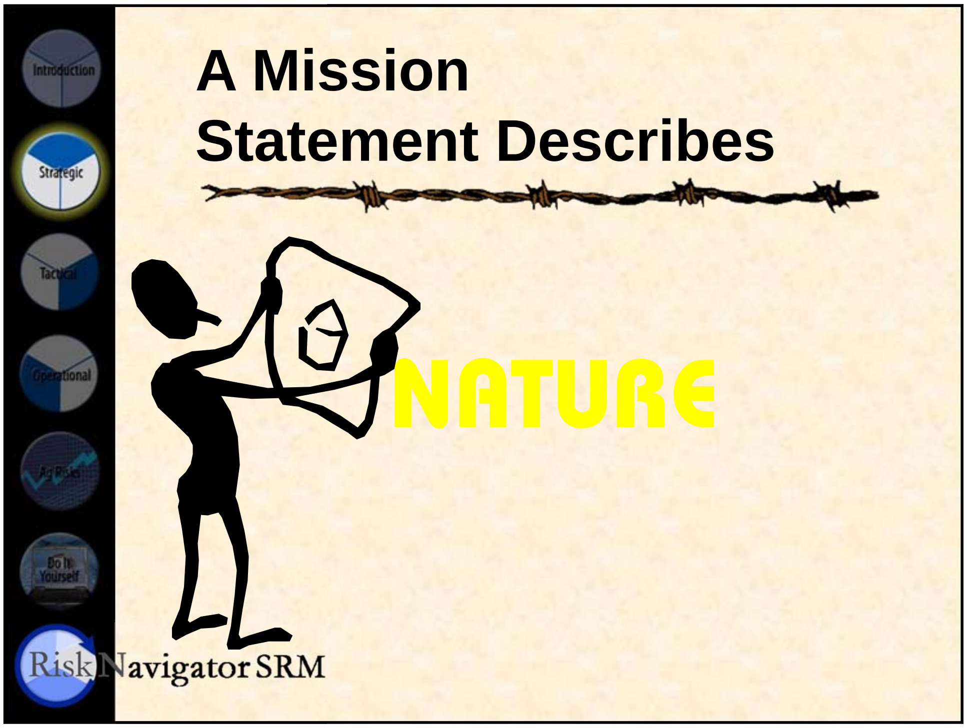
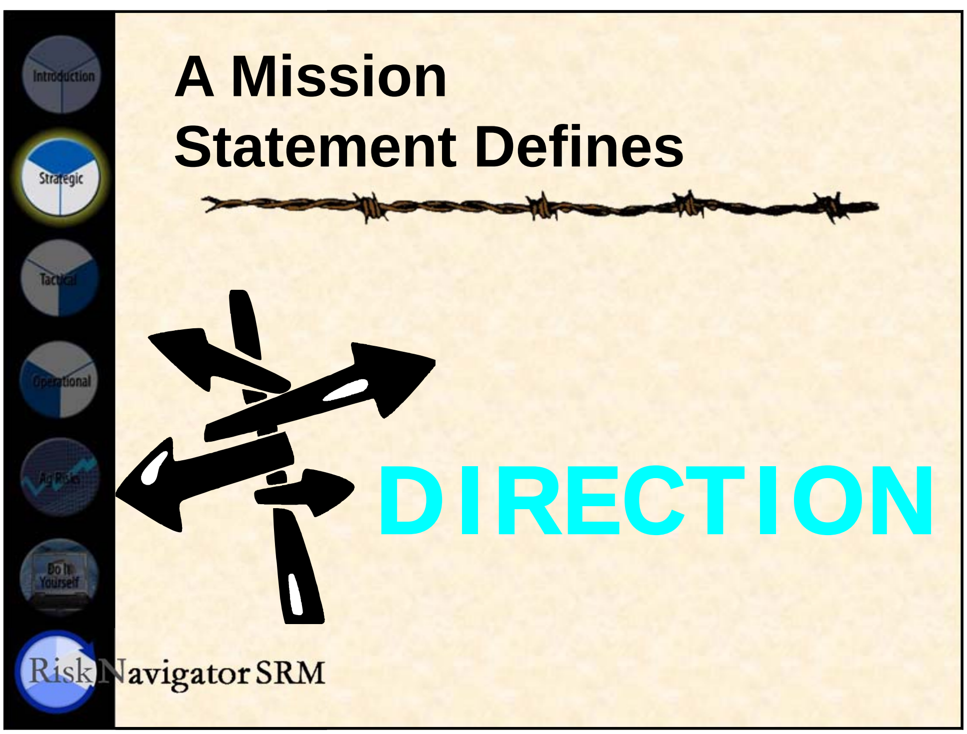

A Mission
Statement Describes
NATURE
Risk Navigator SRM


A Mission
Statement Defines
DIRECTION
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A Mission Statement Should:

Include What You Want the Operation to:

BECOME

PRODUCE

PROVIDE

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Mission of Warbonnet Ranch

"The mission of the Warbonnet Ranch is to be known as a ~
superior range and livestock operation (become)
that produces quality organic beef (produce)
while returning a profit for the Warbonnet Ranch and its shareholders and providing ranch educational opportunities for visitors" (provide).

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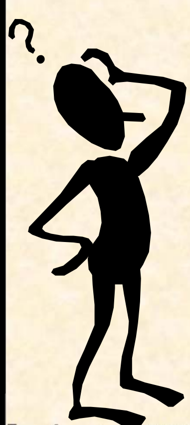
Why Have Strategic Goals?



- Clarify what's important
- Provide basis for evaluation
- Provide direction and focus
- Proactive response

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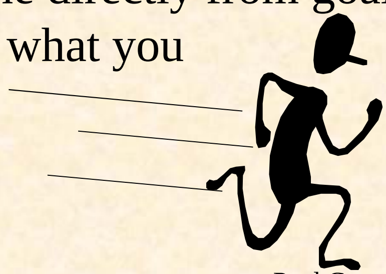
"If you want to be an effective manager of your home and farm or ranch, you need to know ***Where*** you are going, ***How*** you intend to get there and ***When*** you intend to arrive.

Those insights come directly from goals- your statements of what you want to achieve in life."



Paul Gessaman
Nebraska Extension Service

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Strategic Goals Should Be:

S pecific

M easurable

A ttainable (realistic)

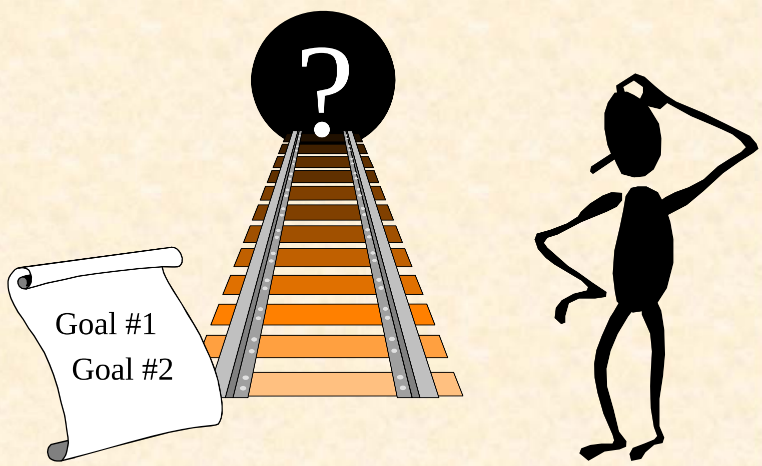
R elated to other goals

T ractable over time

Warm Springs Ranch:
Strategic Goals:

1. Pay off $5000 of non-current liabilities a year and be debt free in 20 years
2. Develop a livestock enterprise that will generate income for two families
3. Increase the tonnage of alfalfa produced on the farm to 2,000 ton by increasing the amount of ground under tillage and increasing yields
4. Invest $250 a month into a fund for college education and retirement
5. Develop a range management plan that will increase forage availability by 10% and also promote the sustainability of the range resource

How will Written Goals Get Us Where We Want To Go?



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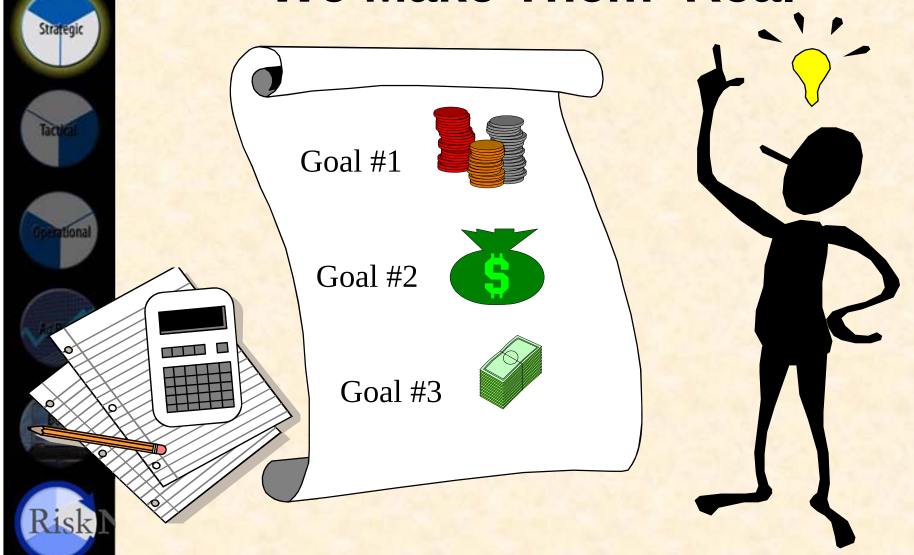
By Assigning Costs to Goals We Make Them 'Real'



RN-SRM

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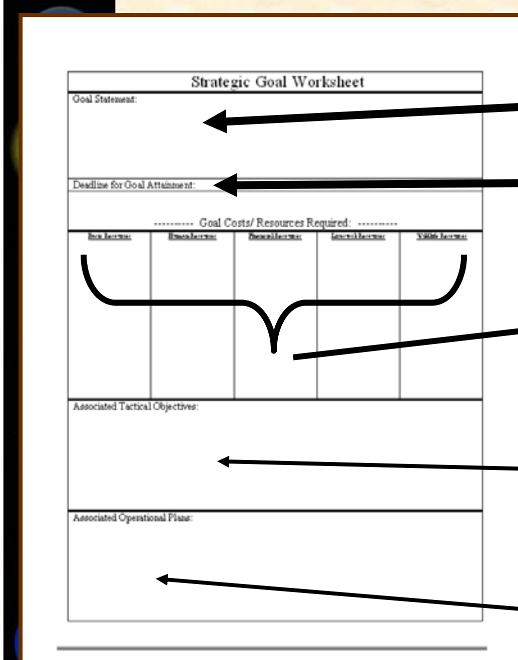

Strategic Goal Worksheet

Goal Statement:

Deadline for Goal Attainment:

Goal Costs/ Resources Required:

Associated Tactical Objectives:

Associated Operational Plans:

Goal Statement

Deadline - time

Resource requirements

Tactical objectives

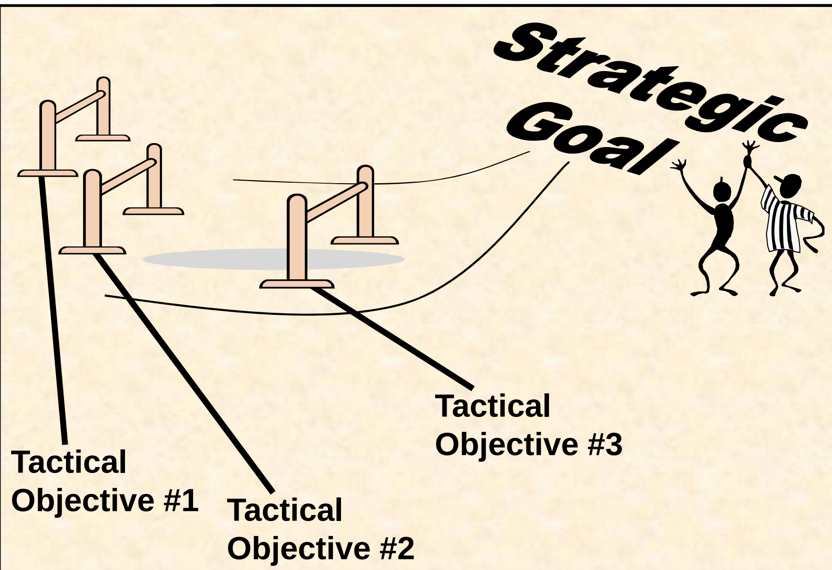
Operational plans

Tactical Management

*"…Choosing the **right** **things** to do…"*

At the tactical level, we analyze the alternatives for "how" we will get to where we want to go.

Risk Navigator



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Operational Planning

"…*Doing Things* *<u>Right</u>*…"

The things that must be done today and tomorrow in order to reach the tactical objectives and strategic goals.

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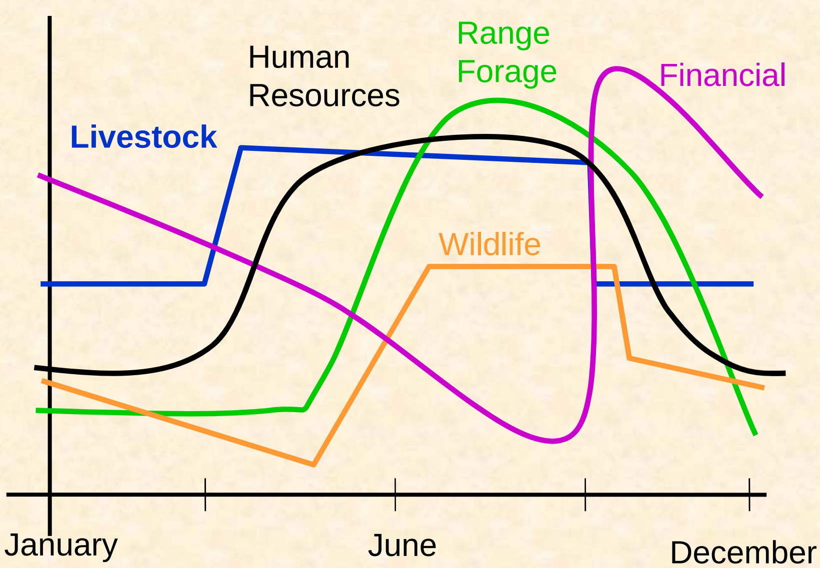
RESOURCE FLOWS



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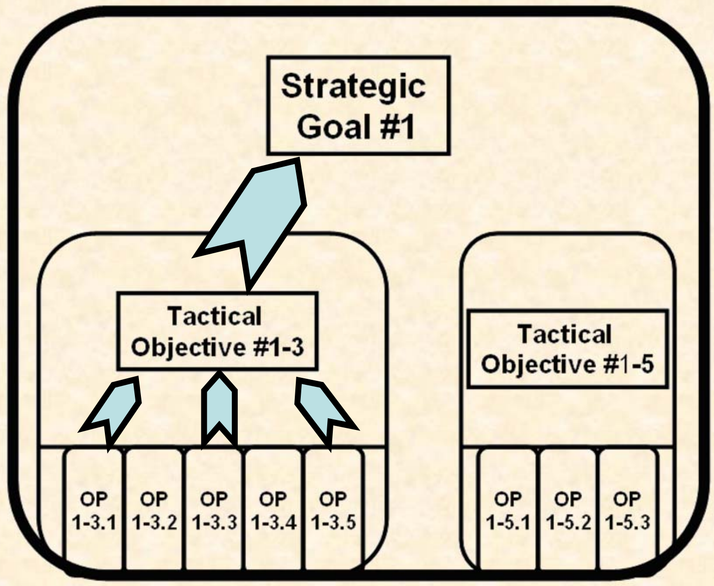
Goal Hierarchy



Summary

What we discussed

• Developing written mission statements.

• Drafting strategic goals, tactical objectives, and supporting operational plans.

• Techniques for the implementation of each of these components and the tools for implementation.

What is left to learn

- More about the practical details of developing written planning documents
  - Read the curriculum
  - Read the chapter

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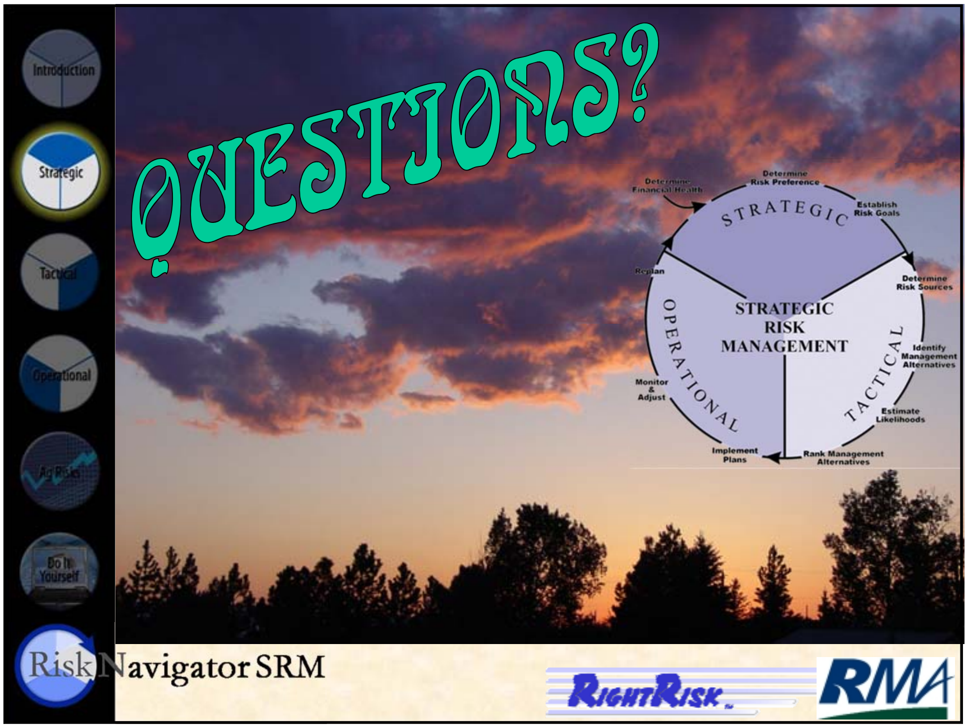
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