



UW Cooperative Extension Service Profitable & Sustainable Agricultural Systems Risk Management Agency

## Risk Navigator provides strategic risk management from RightRisk.org

By James Sedman and John Hewlett

Comprehensive risk management can be a broad and daunting topic.

Producers have access to on-line materials from [RightRisk.org](http://RightRisk.org) called Risk Navigator. This program was designed by the risk management professionals at RightRisk.org to address risks in agricultural enterprises and help managers develop a strategic risk management plan.

The Risk Navigator course is divided into three main sections: strategic, tactical, and operational risk. These sections are divided into 10 specific steps for management of risk in any operation. The process diagram for the course is circular, with the idea managers should periodically reassess goals and other details as operations evolve.

### Strategic Risk Management

The course begins by addressing the strategic area of management. Thinking strategically means looking at the overall picture of the business and where it will be in the long-term.

Step one is to evaluate the financial health of the business. This involves developing all necessary

financial statements and tying the information together to develop an overall financial picture of the operation. There are five important financial measures producers should develop: liquidity, solvency, repayment capacity, profitability, and financial efficiency. A comprehensive cash flow, income statement, balance sheet, and statement of owner equity must be completed to provide an accurate financial picture.

Step two is to determine risk tolerance or preference of the operator and others involved in management. This section outlines risk preferences and gives examples to show how individuals may view risk differently. Consider the example of storing a wheat crop, when offered \$20,000 for the crop off the truck. If the wheat is stored at the elevator, the manager may assign a 75-percent chance the crop will appreciate in value to \$26,000 and a 25-percent chance it will decrease to \$10,000. A risk averse individual will sell it off the truck and avoid the risk altogether and the risk premium of \$2,000 (.75 X 26,000 + .25 X 10,000, and then subtract \$20,000). A risk neutral individual

seeks the payoff of the increased income and does not view the risk of loss as a barrier to the increased income. A risk seeker would store the wheat and use the futures market to hedge with a 5-percent chance to increase his or her income to \$30,000. Clearly, determining risk preference for individuals in operation will help define the direction for the business.

Step three is goal setting. The course outlines an excellent point when answering the question of why set goals. The answer: "If you don't know where you're going, any road will get you there." The goal-setting process outlined in the course is comprehensive in that all goals and objectives are tied together. Each have a purpose of achieving the larger, longer-term goal or objective they are tied to.

Start by drafting a mission statement for the entire operation. A mission statement provides the vision and direction for where the business is headed in the long-run. Move on to strategic goals, which should be long term in nature. They should also be prioritized to help ensure their success. Tactical objectives are more intermediate term



and should be prioritized as well. These objectives should describe the steps to achieving the strategic goals. Finally, operational planning is the last step. This covers day-to-day activities and should be tied directly to tactical planning as well.

To access the Risk Navigator materials, log on to [RightRisk.org](http://RightRisk.org), and click the "Risk Navigator SRM" link under the "Products" menu at the top of the page. The Risk Navigator Strategic Risk Management pages include the tools to assist in accomplishing each of the

10 steps in the process.

For more information on this and other risk management topics on the Web visit the Western Risk Management Library online at [agecon.uwyo.edu/riskmgt](http://agecon.uwyo.edu/riskmgt).

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## Pesticide applicator testing now available online at UW CES offices

By Lindsay Taylor

Those needing private or commercial pesticide applicator licenses can now take tests online at local University of Wyoming Cooperative Extension Service (UW CES) offices.

Anyone in Wyoming who wants to apply restricted-use pesticides on their property, or for hire, needs a pesticide applicator license from the Wyoming Department of Agriculture.

Tests are given by a UW CES educator on a computer in the office. Results are received immediately and a paper license provided that can be used to purchase restricted-use pesticides. Those taking written tests usually have a minimum of a



four-week wait before receiving their licenses by mail.

Previously, private licenses were only obtained by attending a class,

filling out a take-home workbook, or taking a written test at a local UW CES office. Commercial licenses were obtained by taking a variety

of written tests at a local UW CES office. Those who want to obtain their licenses this way still can.

Here are the steps to online testing:

1. Online tests are scheduled two or more days in advance by logging on to the Wyoming Pesticide Training Online Web site <http://outreach.uwyo.edu/conferences/pesticide/applicator.asp> from a home computer or a public computer in a local UW CES office.
2. Within three days of scheduling the testing time, participants will receive an e-mail with their login and password information.
3. After receiving a username and password, participants call to

confirm a testing time with the office.

4. Show up at a local UW CES office at the scheduled testing time to take the test(s).
5. Print out test results.
6. If the participant has passed, results will be attached to a temporary license, and participants may begin purchasing pesticides or spraying commercially.
7. Those who do not pass may choose to have a local extension educator review the test with the participant or pick up additional study materials. The test can be retaken anytime within 30 days of receiving a username and password.

For more information about who needs a pesticide applicator license, types of licenses, or restricted-use pesticides, contact Lindsay Taylor at (307) 682-7281 or [LRT10@ccgov.net](mailto:LRT10@ccgov.net), Gene Gade at (307) 283-1192 or [agade@uwyo.edu](mailto:agade@uwyo.edu), or a local weed and pest control district office. Online contact information is at [www.wyoweed.org/addresses.html](http://www.wyoweed.org/addresses.html).

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*Comparison of Pesticide Applicator Licensing Methods*

<i>All methods currently available</i>	Method	Cost	Time to Receive License
Commercial License	Written test	\$25 (government purposes exempt)	3-6 weeks
	Online test	\$65 (government purposes \$40)	2-3 days
Private License	Written test	Free	3-6 weeks
	Approved training session	Free	2-6 weeks
	Online test	\$40	2-3 days