

Has COVID-19 made your current strategic agribusiness plan irrelevant?

Strategic business planning during the COVID-19 pandemic can feel hard, oppressive, or even downright impossible.

This pressure is exactly why business owners must have a plan now to make informed decisions about their futures. The ag economy has always been susceptible to frequent change, but the COVID-19 pandemic has made strategic planning more important than ever.

A strategic plan is a written document used to focus a small business' plans for the future. The plan summarizes business goals and clarifies why they're important. The strategic planning process also helps small businesses pinpoint the areas in which they need to improve to operate at their fullest potential.

Put simply, the process of strategic planning is the blueprint for building small business success.

While the undertaking may sound overwhelming, the strategic planning process can actually be simple and effective as you reduce planning steps to manageable questions that will clarify goals without dedicating excessive time to the planning process.

Take an afternoon and answer the following questions about your business, or give your Wyoming Small Business Development Center (SBDC) Network adviser a call and set up a

consultation appointment. Go to www.wyomingsbdc.org/contact for contact information.

Step 1. Identify your competitive advantages.

What makes your business unique? How is it different? What makes your products or services better than those of your competitors?

Step 2. Establish your business' mission.

What is the purpose or reason for your business' existence? What does your business stand for?

Step 3. Develop your vision.

What do you want your business to achieve in the future? What kind of community/social impact do you want it to have?

Step 4. Develop goals.

State your long-term, broad-based goals and objectives. Your local Wyoming SBDC Network adviser can help with multiple strategies for creating, measuring, and adapting these goals.

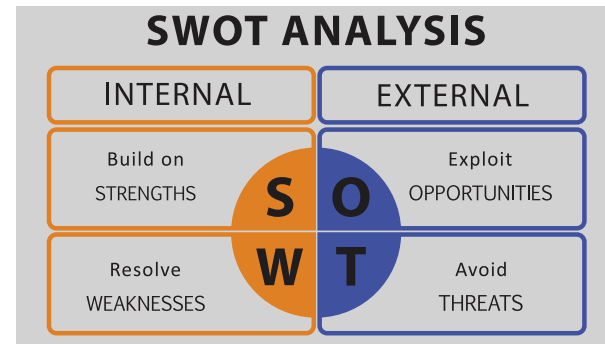
Step 5. Conduct a SWOT analysis.

SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis lays out the areas of your business that can be improved and areas that are strong. A SWOT analysis helps identify opportunities for growth and pinpoint threats. Each of these four areas should be reviewed by answering a set of relevant questions developed for each.

Strengths - What do you do really well? What makes you better than your competitors? Do you have a strong customer base?

Weaknesses - What's not working? What processes need improving? Are you making enough profit?

Opportunities - What is the market missing? What external changes will bring opportunities? What are the current trends and will they affect you in a positive manner?



Threats - What are the negative aspects in the current market? What is threatening your business: customer trends, economic trends, technology trends?

Step 6. Measure performance

Develop detailed interim objectives and specific performance indicators (this can be monetary; after all, you're in business to make a living!) to measure those objectives along with a schedule of detailed action items that need completed to achieve them.

HELP IS AVAILABLE WITH STRATEGIC PLANNING FOR SMALL BUSINESS

Strategic planning for small business doesn't have to be difficult and time-consuming. At its most basic—as this example shows—strategic planning is a SWOT analysis that has been operationalized for maximum profit. It is a tool that can be used to plan for the long-term and execute for the short-term, even during uncertain times. Its use is absolutely essential if a small business wants to produce better outcomes, develop more realistic operating guidelines, and minimize risks.

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ABOUT THE WYOMING SBDC NETWORK

The Wyoming SBDC Network offers no-cost advising and technical assistance to help Wyoming entrepreneurs think about, launch, grow, reinvent, or exit their businesses. In 2019, the Wyoming SBDC Network:

- Helped Wyoming entrepreneurs start 108 new businesses,
- Created or saved 3,402 jobs, and
- Brought a capital impact of more than \$24 million to the state.

The Wyoming SBDC Network is hosted by the University of Wyoming with state funds from the Wyoming Business Council and is funded in part through a cooperative agreement with the U.S. Small Business Administration.

Fall here but it's not too late for weed control

Many weeds have started to lose their luster, but late August through October is a great time for perennial and biennial weed control in many Wyoming locations despite the onset of seeds or leaves that don't look quite as healthy as they did this spring.

This timing can vary depending on your location and species of weeds you are looking to control.

Perennial and biennial weeds during fall are still actively moving nutrients from leaves and stems to roots even when they look like they are almost dormant. Fall can also be a great time for control of some winter annual weedy plants, such as cheatgrass.



Cirsium arvense (Canada thistle)

This article focuses on perennial and biennial weed control and tries to avoid getting into the "weeds" so to speak with perennial versus winter annual weed control. Here is a great guide for folks looking for information on cheatgrass control and management in Wyoming <http://bit.ly/cheatgrass-handbook>.

Systemic herbicides are often the most readily applied herbicides for fall weed control. For those unfamiliar with the term systemic, this refers to herbicides that enter a plant and are most effective by traveling through the system of a plant to disrupt normal plant functions. As plants start to become dormant for the winter season, they are in the process of moving nutrients from their leaves to their root system (reserves). Applying herbicides during this window of active nutrient movement allows herbicides to more readily move throughout the plant's system and allow the best conditions for a systemic herbicide to be effective.

Typical herbicide choices for many fall weed control applications include products with the active ingredients of glyphosate, dicamba, 2-4D, metsulfuron, and triclopyr. There are other options available as well. Local weed and pest control districts can help select the correct herbicide for the species of weed you are looking to control.

Correct identification is always important for proper control. Some of the more common types of perennial and biennial weeds in Wyoming include species of thistle, houndstongue, common mullein, knapweed species, leafy spurge, white top, and many others.

Your local University of Wyoming Extension office or weed and pest district can help with identification for tricky weeds or sometimes hard to determine rosettes of biennial weeds. A list of noxious weeds is at the Wyoming Weed and Pest Council Website <http://bit.ly/wyo-noxious-weeds>.

As with any herbicide applications, there are many factors that can lead to decreased control. Fluctuating weather events in fall can affect applications, for example. Applying herbicides at the correct time of year is only one piece of the puzzle. Fall applications should not be the only time of herbicide applications for many weed management plans. The sooner weeds can be controlled, the better.

Future time and money inputs related to control dramatically decrease with a fast response.

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Platte County producer sets up RI-PRF policy

We described Platte County producer Ben Burwell's* proposed Pasture, Rangeland, Forage – Rainfall Index (RI-PRF) insurance for coverage against reduced rainfall on 1,200 acres of pasture in a previous installment.

Mr. Burwell chose to insure in the April–May and June–July intervals, with maximum coverage (90 percent coverage, 150 percent productivity factor).

The Risk Management Agency (RMA) decision support tool reports the grazing forage valued at \$11.21/acre at a producer premium of \$991, including the 51 percent subsidy, or \$0.83/acre.

Mr. Burwell believes this level of coverage represents a good trade-off between premium paid and potential benefit, but further analysis could shed more light on the policy's effectiveness. What is the most likely outcome of purchasing this policy that is suggested by historical data, including the cost over time?

Mr. Burwell could use historical averages for indemnities in his budgeting, but wonders if this approach would be accurate given the assumptions he is using.

RISK SCENARIO PLANNER (RSP) TOOL

The Risk Scenario Planning (RSP) tool from RightRisk.org was developed with these types of questions in mind. Partial budgeting is an important tool in risk management planning; however, there are several inherent issues with partial budgeting. For instance, the possible variability not accounted for in choosing values to input such as prices and yields. In other words, many of the values used in a partial budget are a best guess. Assuming these values do not change over time can lead to flawed decisions.

The RSP tool helps users evaluate management decisions while accounting for the inherent risk involved in the partial budgeting process. Instead of choosing a single value for inputs such as prices, the tool allows the user to consider a range of values (maximum, minimum, and most likely) and their effects on the budget through probability analysis. The RSP tool can help a producer quantify the risk associated with a particular decision or change in the operation and can help eliminate some of this uncertainty by simulating a range of possible outcomes.

RSP TOOL ANALYSIS

Mr. Burwell first accesses the RMA decision support tool to locate the data needed for the RSP analysis. He selects the Historical Indexes tab and downloads Index Value data (for grid #26500) to a spreadsheet. The high, low, and average index values are listed in Table 1.

Table 1. Index Values for Grid #26500 (1948–2020)

Interval	April–May	June–July
Average	99	99
Max. Value	232.3	225.1
Min. Value	24.7	24.5

Ben next does the same under the Indemnities Tab, downloading indemnity data to his spreadsheet. Over the 72-year timespan, the total value of indemnities minus the premiums paid is \$61,144, with the highest individual year of \$6,627 and a value of -\$991 for years with no indemnity received, only premiums paid.

The RSP tool is set up as a typical partial budget with four categories: added returns, reduced costs, added costs, and reduced returns. Under added costs, Ben enters the premium (\$0.83/acre, or \$991 total). The only added returns for this scenario would be if an indemnity is paid. To reflect that in the RSP tool, he enters a formula (=IF(C8<90,(100-C8)/100×C9/100,0)) that calculates the indemnity payment only when the index value drops below the coverage level. He enters \$13,446 for the insured value (both intervals) and the average index value (99), as well as the percent of value covered under each interval (70 and 30).

Under the Risk Scenarios section of the tool, we record our uncertain variables as index values from each interval and check the box to include them in the analysis. We enter the maximum, minimum, and most likely values for each interval period calculated from the downloaded spreadsheet data.

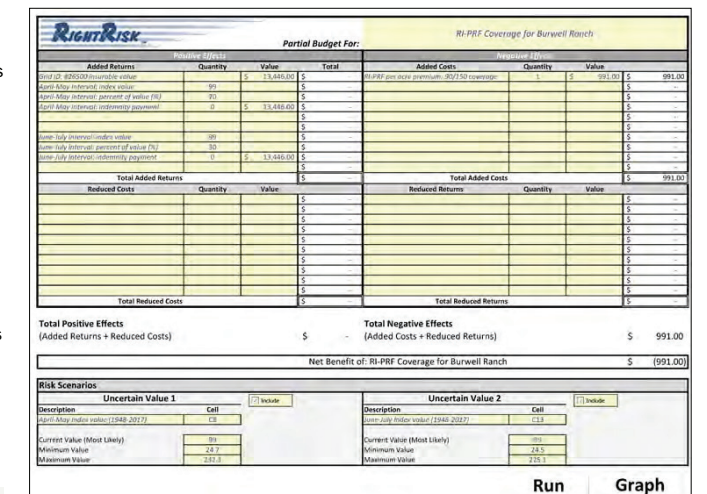
Clicking Run causes the RSP tool to simulate 1,000 possible outcomes to generate a probability graph showing a range of possible values given the data entered.



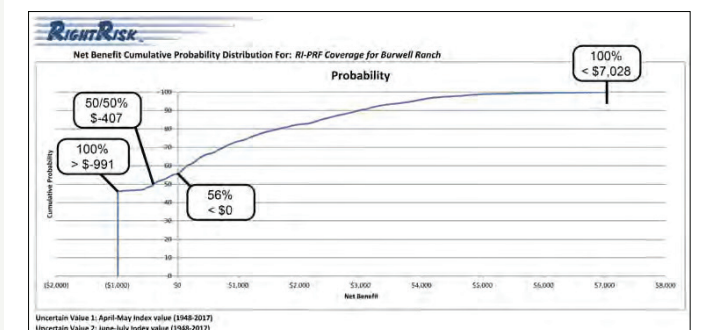
Mr. Burwell learns from the analysis that there is a 100 percent probability the net present value will be higher than the \$-991 paid in premiums and a 100 percent probability that the policy will not generate an indemnity payment higher than \$7,028. He also notes that, given his estimates, the tool predicts that the policy will offer a positive payout about 54 percent of the time (56 percent chance of net returns below zero). With these results in hand, Ben feels much more comfortable purchasing the policy, realizing that receiving a check when precipitation levels are low will help to offset lower grazing forage production.

* The Burwell operation is a case study example created to demonstrate RightRisk tools and their application. No identification with actual persons (living or deceased), places, or agricultural operation is intended nor should be inferred.

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RSP tool



FOR FURTHER INFORMATION

RI-PRF is one of the most-utilized crop insurance policies in Wyoming, with over \$54,000,000 in coverage in the state in 2019. It can be an important part of an operation's risk management plan, covering losses due to drought. Visit your local crop insurance agent or www.rma.usda.gov for more information on RI-PRF coverage. Visit RightRisk.org for further risk management educational resources on this and other subjects.

FOR MORE INFORMATION

November 15 is the deadline to sign up for RI-PRF insurance. Contact a crop insurance agent or go to www.rma.usda.gov for more about RI-PRF insurance and other crop insurance policies available in your area. For more information on budgeting tools such as the Risk Scenario Planner (RSP) tool, visit RightRisk.org, a premier risk management resource. RightRisk.org has numerous tools, courses, and other free materials available to assist producers with their risk management planning.