

Golden Nuggets for Business and Life

I co-facilitated a farmer/rancher panel that was addressing a group of young farmers and ranchers. Let's explore some of the seeds and golden nuggets bestowed on the group by individuals that have navigated through economic cycles, challenges and opportunities in agriculture.

- Our first nugget is in a family business, your parents and grandparents or relatives do not owe you a living. But on the other hand, are they going to give up control and allow room for the younger generation to grow their management skill sets with an enterprise or a certain segment of the business? This allows the next generation to not only plan but be held accountable for decision-making.
- Our next nugget was to remember the Six Year Rule. If the younger generation is not making management decisions within a six-year period, they fall into the trap of being the hired person for life. However, in some cases that is okay to be the hired person for life.
- Next, my cofacilitator, a lender, indicated that the next generation that is emerging in agriculture are in the business for more than profit. In some cases, it is raising a family, teaching them life skills rather than computer games, and providing a quality product or service that meets the needs of the customer, but the community as well.
- Moving along in buying land, do not think in years, but think in decades, often 35 to 50 years. Economically, it is a marathon. You are going to hit the wall a couple of times. What is the solution? Be deliberate in building working capital and cash as a tool of not only wealth accumulation, but wealth preservation.
- Next, take advantage of networking and educational opportunities. Develop a deeper understanding of the financials, marketing and risk management, and human resource management including communications. Remember, historically producers were independent and did not want to deal with people. In the future, you are going to be interdependent and dealing with people.
- Next, try to live within your means and understand the difference between the want and the need. A financial spreadsheet may be your most powerful tool in managing the uncertainty in your business and personal household and can provide the guardrails for objective versus emotional decision-making.
- Here was a philosophy: quick money and wealth often creates an ego. Slow, steady disciplined growth builds character, resiliency, agility and nimbleness.
- National macroeconomic data is important for policy and for farm and ranch programs. However, the data that matters the most is the producer and their lender understanding the individual farm operation from a business standpoint to focus on the controllables and manage around the uncontrollables.
- Finally, every generation will experience challenges and be presented with opportunities that are different than the previous ones. Often a peer group and advisory team can provide perspective and insight and in some cases accountability to navigate both positive and negative cycles in business and life.