Inventory of Resources and Talents

One of the purposes of TAA Technical Assistance is to help business owners find a profitable future direction for their business. The direction you take your business will depend on several factors, including:

- What you want to do (your goals)
- What is happening within the industry, and
- The package of skills, resources, and talents you and the other stakeholders in your business can pull together to implement a change.

Your resources come in at least two forms: 1) the hard assets and financial resources that are included on your balance sheet and 2) the knowledge, interests, and abilities that you can draw on from your management team. This section will focus on these personal attributes. It will ask a series of questions that are intended not to highlight weaknesses, but rather to help you build on your strengths and avoid the pitfalls of mapping a direction for your business that does not match your skills, likes, or values.

### Production and Operations Management

Are your skills best suited to high volume commodity production?

- Do you have a history of producing high yields or rates of production per unit? ______ ______
- Are you a low-cost producer? ______ ______
- Do you stay on top of new technologies? ______ ______
- Do you get things done on time? ______ ______
- Is expansion an option or interest? ______ ______
- Do you gain your competitive advantage by producing more per unit at a lower cost? ______ ______

Or, are your skills best suited to niche market or value added products?

- Are you good at juggling multiple production schedules? ______ ______
- Do you monitor production activities and quickly make adjustments if problems surface? ______ ______
- Do you have a history of producing high-quality products? ______ ______
- Do you gain your competitive advantage by marketing multiple products at a high margin? ______ ______
No matter the type of operation, efficient production is important. But it may be more important for some than for others. For producers of traditional agricultural commodities, the goal is to be the lowest cost producer. If you can keep costs per unit down and produce enough volume, you can generally be successful in commodity production.

For direct marketers, value-added producers, and other non-traditional operations, efficient production is still important. But product quality and efficient marketing may well be more important than producing the highest production rates at the lowest costs. The world is full of stories of companies that have been very successful just because they out-marketed the other guys. Producing these types of products takes a different mindset. You may spend more of your time outside of production activities while managing others. You will spend more time in your office and less time on your tractor. If you can be happy doing these activities and you have skills in those areas, you may want to consider a transition into this type of operation.

**Marketing**

Are your skills best suited to marketing traditional agricultural commodities?

- Would you rather be out in the field or in the production facilities than negotiating with buyers? _____ _____
- Do you feel time on the phone is wasted time? _____ _____
- Do you have the option to contract your production? _____ _____
- Do you negotiate input costs? _____ _____
- Do you lock in a profit when it is offered to you? _____ _____

Or, do you have skills suited to marketing niche market, value added, wholesale, or retail products?

- Do you like to negotiate deals? _____ _____
- Are you good at closing a deal? _____ _____
- Do you know how to estimate the market for a product? _____ _____
- Do you develop good relationships with buyers and sellers? _____ _____
- Do you have skills in advertising and promotion? _____ _____
- Are you good at making pricing decisions? _____ _____
- Do you know who your competitors are? _____ _____
- Do you target your products at a specific market? _____ _____

Is there a market for your product? Most commodity producers have not had experience with estimating market size, target marketing, advertising and promotion, and pricing. These are skills that may be needed if you plan to move into a “niche” market or if your
plans include direct marketing or processing of farm products. Many commodity producers have the ability to move into these areas but they may need to educate themselves on the techniques. There are classes and other resources in community colleges and other institutions in most communities to help you improve these skills.

**People Skills**

Are your skills best suited to managing a sole proprietorship?

- Do you feel a need to be actively involved in all or most production activities?  
- Would you rather be out doing than directing others?  
- Do you feel frustrated training employees?  
- Do you worry about others getting things done right?

Or, do you have the skills needed to manage multiple employees?

- Do you like to work in a team setting?  
- Are you comfortable delegating tasks to others?  
- Are you able to constructively criticize employees?  
- Do you have specific hiring procedures?  
- Do you have specific training procedures for new employees?  
- Are you comfortable with firing employees?  
- Do you get satisfaction out of seeing someone else succeed?  
- Do you like to delegate production tasks to others?  
- Are you good at training others to do production tasks?

Many feel that they have to grow to be competitive in today’s business world, but there are still many very successful small businesses. Moving from a business with few employees to a multiple employee business is one of the biggest challenges for most business managers (inside and outside of agriculture). Those who successfully make the transition tend to be very happy with the change. They find that they can get away with assurance that things are getting done while they are gone. They build managerial capacity in the next generation and they get a great deal of satisfaction out of seeing others grow and be successful. But not everyone has the skills to be a people manager. If you are not comfortable with your skills in this area, there are two options: 1) get help and training in personnel management; or 2) stay small and look for other ways to improve profitability.
Money Management Skills

Should you consider hiring accounting and financial services?

- Do you use your records only for tax purposes? 
- Do you let accounting functions slide as long as possible? 
- Does your lender complete your balance sheet for you? 
- Do you place financial reports in your files without examining them? 
- Would you rather do just about anything else but accounting? 
- Do you lack trust in your lenders?

Or, do you have the skills to manage the finances of the business?

- Do you know your production costs per unit? 
- Do you like to do your own accounting? 
- Do you read and understand financial reports? 
- Do you develop a financial plan at the beginning of each production or accounting cycle? 
- Do you monitor deviations from your financial plan and make mid-term adjustments to your plans? 
- Do you periodically analyze the financial performance of your business? 
- Do you work well with your lenders? 
- Do you cover risks with adequate insurance and other risk management tools? 
- Do you know your living costs? 
- Do you know your net worth?

Financial management is an area where many agricultural producers feel least comfortable. Again, there are a lot of resources within the Extension Service and local community and technical colleges to help you improve these skills. This is also an area where you might consider hiring outside help or joining a farm management group if one is available in your area. Hiring accounting and tax services, however, may not provide you with a great deal of management information. You still need to understand the reports and monitor financial performance.
Other Resources

Other resources include the physical assets you own, the other assets you can acquire through lease or other means, and the financial resources that you can access in terms of equity capital and borrowing capacity. If you are considering a major business adjustment, consider how well adapted each of these resources is to your new business plan. Is the business large enough to support you and other stakeholders? Is your land base suited to high yield and high quality production of your selected products? Are production facilities and equipment adequate? Has asset replacement been adequately considered in your financial plans? Is an adequate and well educated labor force available? These are among the questions that you should honestly answer before you commit to investing more in your business operation.

Summary of Strengths and Weaknesses

After considering the resources, talents, and interests of the operation and the management team, it may be helpful to summarize the strengths and weaknesses of the operation. The worksheet on the following page provides a framework for this summary.
## Summary of Resources and Talents

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Other Publications

Checking Your Farm Business Management Skills, Farm Business Management for the 21st Century, Purdue Extension, West Lafayette, Indiana, by Michael Boehlje, Craig Dobbins, and Alan Miller.


Developed by Dale Nordquist, Center for Farm Financial Management, University of Minnesota.