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Why Strategic Planning Matters

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Map out the future of your farm to navigate business transitions

Your farm can change at any moment. That's why creating a strategic plan—something other industries have done for a long time—is one of the best ways to stay ahead of the curve.

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“These are becoming significantly important businesses that need to be thought of in business terms going forward,” says Jim Welch, a business growth consultant and speaker with The Growth Leader in Kansas City.

A strategic plan allows you to make smart business decisions that will inform the future of your operation. At a time when many producers are preparing to transition to the next generation of leadership, such plans provide critical structure.

"I'm a big believer in simplifying it so you can go out and explain the plan to anybody," says Welch, who has worked as a consultant for farmers for about 10 years. "You want to be able to communicate it to your people, you want them to be able to internalize it and understand the role they play in achieving it."

Initial Steps. As part of his strategic planning process, Welch tells business owners they have to first define what success looks like.

"I generally like to use a three-year planning horizon because things change so much," he says.

Sometimes when you plan for the future, there is tension between how things have always been done and how things will have to change for future growth, says Sarah Beth Aubrey, owner of A.C.T. Aubrey Coaching & Training and the site sarahbethaubrey.com, who spoke about strategic planning at Tomorrow's Top Producer this summer in Nashville.

Welch advises focusing on the key drivers in your business and analyzing its strengths, weaknesses, opportunities and threats (SWOT).

Before assessing the operation as a whole, Aubrey recommends using Gallup's StrengthsFinder for an individual assessment.

"It's great to start with an assessment tool and then go back and do the SWOT analysis," Aubrey says. "It really can articulate what you're really good at, what those skills are, what some gaps are in your skill set or the whole operation's skill set."

Prioritize Well. Of all the parts of a strategic plan, the one Welch advocates most is selecting priorities. "In reality, business plans are all about making choices," Welch says.

Set SMART goals, Aubrey adds. The acronym stands for specific, measurable, attainable, relevant and time-based. Ensure they are goals you intend to pursue.

Break your plan into manageable chunks, implement simple and high-impact strategies, and revisit your plan often, Welch says.

"It becomes real-world things we can go implement and get results from right away," Welch says.

How to Become More Competitive

Before you can move forward with a strategic plan, you must first know your farm's place in the world. In a recent episode of "The EntreLeadership Podcast", business journalist and New York Times bestselling author Suzy Welch discusses five questions business leaders can ask to assess their organization's competitive situation.

1. What does the playing field look like? If you aren't looking ahead, you're going to end up with too many priorities to succeed, Welch says.
2. How often should we review the playing field? Twice per year at a minimum, she says.
3. What strategic moves have we made or thought about? To get ahead, you must fight any urge to become complacent.
4. What's around the corner? Think about demographic, technological and geopolitical changes facing you and your successors.
5. What's our winning move? You're not always going to know whether you've made the right decision, Welch says, but doing nothing is not an option. "Think about what is going to make [you] win now, in two years and in five years," she advises.