



Ag Biz Planner

**Young, Beginning, Small and Minority Farmer
eLearning Curriculum**

Workbook



Module 6

Cash Flow Planning

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a business person or lender concerning developing cash flow projections. How do they determine assumptions, estimates of revenue and expenses? Do they have any tips for businesses that have no track record?
2. Interview a business person or lender concerning cash flow. What were the items that they often observed that were sensitivity tested? What specific items and parameters were adjusted?
3. Interview a lender concerning what they look for when analyzing the cash flow statements.
4. Interview a business person or lender on the use of comparing the variance between projected and actual cash flow results. How often are results analyzed and is it a useful management tool?
5. Interview a lender on what they look for in a family living budget. Do they have any guidelines that have been useful?

Application Exercises

Complete each exercise below.

1. Develop a projected quarterly or monthly cash flow for your business. Include assumptions on price, cost, interest rates, etc.
2. After you have developed the projected cash flow, then sensitivity test some of the key variables and determine the impact on the bottom line cash flow. Which variables are most critical?
3. Develop an annual family living budget utilizing some of the templates as a model. Did you have any surprises?

Module 7

Balance Sheet Ratios and Financial Analysis

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a lender on the red flags that they look for when analyzing business balance sheets.
2. Interview a lender on the red flags that they look for when analyzing the personal balance sheet.
3. You were introduced to methods used to evaluate character, one of the C's in the credit equation. Interview a lender concerning character and contrast and compare findings.
4. You were introduced to the Business IQ: Management Factors Scorecard. Interview a lender to determine how they analyze management ability or management potential.
5. Interview a lender and determine what balance sheet benchmarks they often utilize such as working capital, equity, net worth growth (earned vs. appreciated), etc.

Application Exercises

Complete each exercise below.

1. Analyze the business balance sheet utilizing key ratios discussed in the module. If you have market basis balance sheets, conduct this exercise on multiple years (trend analysis).
2. Compare your financial ratios and benchmark data with FINBIN data <https://finbin.umn.edu/> or other state or local record data systems. What are your strengths and areas for improvement? Go over the results with your lender.
3. Analyze a few key financial, liquidity and debt ratios on your personal balance sheet. What are your strengths and areas for improvement?
4. Please complete the Business IQ: Management Factors Scorecard. If there are multiple partners, then complete separately then compare and contrast results and discuss with your mentor.

Business IQ: Management Factors Critical Questions for Crucial Conversations

Customer Checklist	Green (3-4 points*)	Yellow (2 points)	Red (1 point)
1. Knows cost of production	Written	In head	No idea
2. Knows cost of production by enterprise	Written	In head	No idea
3. Goals- business, family & personal	Written	In head	No idea
4. Record keeping system	Accrual	Schedule F (one & done)	No idea
5. Projected cash flow	Written	In head	No idea
6. Sensitivity analysis	Written	In head	No idea
7. Understand financial ratios, break evens	Written	In head	No idea
8. Work with advisory team and lender	Yes	Sometimes	Never
9. Marketing plan written and executed	Yes	Sometimes	Never
10. Risk management plan executed	Yes	Sometimes	Never
11. Modest lifestyle habits, family living budget	Yes	Sometimes	Non existent
12. Written plan for improvement executed	Yes	Sometimes	Non existent
13. Transition plan/Business Owner plan	Yes	Working on plan	Non existent/controversy
14. Educational seminars/courses	Yes	Sometimes	Never attend
15. Attitude	Proactive	Reactive	Indifferent

***Extra Points:**

- **Progressive Business** may receive 4 points for #2,6,7,8,14
- **Struggling Business attempting turnaround** may receive 4 points for #3,5,8,11,12

Score	Overall Analysis
35-50	Strong management rating & viability
20-34	Moderate risk & viability; will most likely show previous refinancing
<20	High risk & lack of long term viability

Module 8

Repayment Analysis, Profitability and Financial Efficiency

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Repayment capacity and profitability are very important to ensure businesses can repay borrowed funds. Interview a lender and determine what they look for in this area.
2. In the same interview, discuss differences of interpretation for a young, beginning producer compared to a more tenured business.
3. Interview a lender or business person concerning profitability and financial efficiency. What specific metrics do they analyze? What are some benchmarks and guidelines they use in assessing their business? How has this assisted in improving the business?
4. Interview a lender or financial consultant concerning benchmark data concerning repayment ability, profitability and financial efficiency. Where do they get their data? Which benchmarks are the most important?
5. Interview a lender and discuss some of the most common mistakes they encounter when analyzing financial metrics.

Application Exercises

Complete each exercise below.

1. Calculate the ratios outlined in the module concerning repayment ability, profitability and financial efficiency.
2. If possible, compare your ratios using past or future projections to benchmark data. What are the strengths or areas for improvement? Utilize FINBIN data <https://finbin.umn.edu/> or other data for comparisons.
3. Schedule a meeting with your agricultural lender. Use this meeting to discuss where your business stands and how it could be improved.
4. Develop your customized dashboard of key financial ratios found in the last two modules.

Module 9

Growth and Transition Management

Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Interview a business person or a lender to find out some of their strategies for a smooth expansion of the business.
2. Interview a lender or a business person on growth and expansion. What have been some of the biggest “growth traps” or reasons for failure, prior to, during or post expansion? What are their favorite tips to avoid these situations?
3. Interview an agricultural producer or Extension agent on the use of farm enterprise budgets. Where has this tool been useful? Do they have tips and techniques in developing effective budgets?
4. Interview your mentor concerning some of the challenges that have been observed in transition management. Do they have any suggestions to overcome these challenges?
5. Find an article relating to growth, transition management or the use of enterprise budgets. Compare these findings to points and perspectives discussed in this module and how it can be applied to your business.

Application Exercises

Complete each exercise below.

1. Develop a detailed written plan concerning growth of your business. Sensitivity test key factors that were discussed in the module. How did it impact your bottom line?
2. For those that are considering a new enterprise or expanding a segment of your business, develop an enterprise budget for that segment. Sensitivity test variances and assumptions for success.
3. For those embarking on transition management, test your situation to some of the rules of thumb outlined in the module. What will be your action plan concerning your analysis?
4. Develop an executive summary for your business plan. Utilize the reading as your guide.

Module 10
Leadership, Communication and Ethics
Workbook Exercises

Discussion Questions

Please answer at least one question on the Connect discussion forum.

1. Go to YouTube and view the presentation on leadership by Simon Sinek, "What is your WHY? How Great Leaders Inspire Action." How is his discussion applicable to leadership in agriculture?
2. View a video on leadership in which coaches, athletes, business people, etc. are interviewed. What are the common core attributes that are applicable to this course?
3. There are some very good examples of do's and don'ts in communication and public relations in agriculture. Present your example and discuss implications it has for the industry or the business.
4. This module discussed telling your story. Provide an example, either positive or negative, on a story representative of the agricultural industry.
5. Provide some examples of ethical lapses in business in recent years. What are some of the lessons learned?

Application Exercises

Complete each exercise below.

1. Of the ten points discussed on leadership, select one or two and develop a game plan for improving your leadership skills.
2. Develop an outline for a media press release about your business.
3. List five company core values that you would include in your code of ethics such as trust, integrity, etc.