

PREPARATION FOR THE COMING STORM IN THE AG ECONOMY



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Part 1 of a series on Preparing for the Coming Storm.

How prepared are you for the inevitable downturn in the ag economy? Have you listed and prioritized your risks, threats and potential problems? Have you attacked those problems most likely and built the most rudimentary of contingency plans?

Economists who have a successful track record of prognosticating the economic future are already predicting another recession for the general economy in Q3 or Q4 of 2013, and this is regardless of the election results. This possible threat coupled with ag having come through one of its longer running economic highs, points to one inevitability; a storm is coming. It is not a matter of if, it is a matter of when.

Any strategy worth its salt is going to have both potential opportunity analysis put in place and potential problem analysis worked through. If you are behind the eight-ball and haven't fleshed out these required elements of strategy, it's not too late. Here are just a few steps that you can take to prepare your management team, sales team and others.

LIST CRITICAL ISSUES AND POTENTIAL PROBLEMS

The first step of the process is for your team to consider and list the issues that are most critical to your business. One question to ask is, "What must happen for us to be on track to continue our required growth trajectory and garner the required profitability?" From there your mind will be directed toward what the potential problems may be.

No one can predict all of the key elements of the future, but your guess as a manager as to what are the most likely dangers, threats and problems that could lie ahead will identify at least a fraction of what is likely to eventually occur. But even if you were one of the rare few to not be able to see any of the potential problems that could hit your business, going through this process will still help you and your team to be more prepared to shorten your reaction time when problems do arise.

LIST LIKELY CAUSES AND PREVENTATIVE ACTION

As you look at the most likely problems that might arise and consider those that would have the most negative impact on your plan, you will then need to think about what the most likely causes of those problems might be. As you list potential causes, corresponding preventative actions will come to mind and you have the beginnings of what can lead to your tactics for success. This can be an ongoing process.

LIST CONTINGENT ACTIONS AND TRIGGERS

Finally, you will want to build a list of contingent actions that you could take if your preventative actions are not successful. It is amazing the confidence, focus and success that is realized by teams who go through this process and feel ready to "take on the world" or handle the next "double dip" phase of the recession. A challenge in most every business though is how management can be paying attention to the myriad of problems that could be arising on a multitude of fronts. The key here is to identify triggers that are set to alarm you when potential problems are imminent.

If you haven't been through the above, then you may be missing some essential elements in your strategy. If you are responsible for protecting and providing for dozens of jobs (and thus families) and would like to build out your strategy, call us for a free book that can help. **AG**

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