

MIH (Making it Happen) Learning Matrix

Description of document:

This document is the MIH Learning Matrix. It consolidates your entries on the Learning Point document you completed. Your input has provided the basis for a training. Thank you. However, we have multiple steps to work through before we are done. You can help by reviewing the Matrix with an eye towards Evaluation Objectives, i.e. How will we measure success in terms of learning? Is the farmer in a position to make good decisions? How will we measure if a farmer is putting what they learned into practice? Also, please record your thoughts on how we might consolidate some of the information and pass this information on to Chris.

We have organized your response into Learning groups (LG). Then the information was refined into three groups: Planning; Due Diligence; and, Proactive Management. Due Diligence supports effective Planning; Proactive Management uses the results of planning and enables action toward goals. There are also sub groups within a Learning Group. Then Chris made linkages between learning points (your input) and the overall Learning Objectives (LO) of MIH. The LO, listed immediately below this introduction, are from the MIH proposal and contract with NESARE. Learning Objectives are linked to learning points in column (B)- "Links to LO". The # here attaches an LO to each LP.

LEARNING OBJECTIVES

- 1 How a financial management tool or different tools are used at different business stages, i.e. start-up, growth, transition, or closure.
- 2 What strategies farmers use to understand, learn, and integrate financial management tools into their business for decision-making
- 3 How integration of these tools into a farm's management plan contributes to long-term economic viability by:
 - 3a improved productivity, reduced costs, and increased net farm income, which in turn yield improved quality of life for farmers, and farm employees
 - 3b the ability to forecast the financial status of a farm with confidence
 - 3c understanding when and how financing and/or business technical assistance are appropriate
 - 3d knowing how to use financial information to make critical decisions.

LEARNING GROUPS

LG-100_PLANNING

LG-101 Big Picture & Financial Realities

LG-102 Markets LG-102 Markets

LG-200 Due Diligence

LG-201 Record Keeping LG-201 Record Keeping

LG-300_PROACTIVE FINANCIAL MANAGEMENT (Using financials to your advantage)

LG-301 Heeding Advice & Using Expert Resources

Link to LO	Common Mistakes	Common Success Strategies	Learning Point the Training Should Make	What Specific Action(s) Should Farmers Engage In?	When Should Farmers Take this Action(s) and in what Situations, at what Times?	What Habit will Enable Success in Taking the Action at the Appropriate Moment?
LG-100_PLANNING						
2	Lack of an ongoing business plan	Annual review of a business plan	review of a business plan regularly annually	Internal &/or external process	Before the next farm season	Annual review of a business plan
2	Not understanding the value of Financial management	Finding specific ways to connect with the farmer using real examples from their business	The financials are as important as a crop plan & financials need to be linked to crop planning	Regular bookkeeping Setting up benchmarks for tracking Review annual financials with an advisor	At least once a year during tax preparation or more.	Requesting guidance from advisors
2	Not making financial management a priority	Implementing (starting) habits in November/ December when things are slow	Create Habits	Schedule financial management as a regular chore	November, December and January when they have space to think.	Putting dates/times on the calendar for when they'll focus on FM
LG-101 Big Picture & Financial Realities						
3b	Farming is very profitable	Recognize that profits are often smaller than other businesses and capital investment will tie up free cash	You can make money. But cash flow is usually tight Profits are often re-invested and not realized until eventual dissolution	Take basic financial literacy class. Understand balance sheet and get advise on long term retirement planning	By early 30's at least. Will provide time for long term equity/net worth strategy to play out.	Annual financial check up Long range planning
3	Understanding business growth trajectory	Setting a feasible target for business growth that gets the business to a feasible scale for profitability	Refer to benchmarks on business scale and right sizing	Multi Year production, budget and market plans projections to land at "right size"	Need to seek out these benchmarks early, before they get it in their head that the scale they "want" to operate at is going to be profitable	Research industry before entry
2	Managing the farm for the lifestyle	Develop the farm as a business	Successful farms are businesses	Develop the farm as a business	Now or before beginning farming for income	Farm as a business
3	Working harder/incremental growth will make things better	Ensure enterprise analysis shows positive operating margin per unit of sales, and then use break even technique to target the right scale to cover fixed costs and profit goals. Let enterprise analysis inform pricing	Expanding a business with negative margins will make things worse	Scrutinizing production efficiency and cost reduction	Annual financial review, identify key costs and ways to reduce them or get more production per \$1 spent	
LG-102 Markets						
3a	Underestimating Direct Market effort	Shifting market mix to align better with time and skills, often setting a max on direct markets and shifting remaining volume to wholesale	Marketing takes time... getting more "Value" for crops (i.e. direct market prices) comes at cost	Time/workload planning	Ongoing basis	Be open to changing plans Allow for failure and then re-adjust
3	Over Estimating depth of direct Market	Recognizing need for broader market geographic distribution or recognize the market plan will have to shift as farm grows	Direct markets sales projections don't have the upward growth potential as other markets.		Think ahead about mid term sales targets. And then be realistic if direct sales can carry you there.	Nice to talk about this during multi-year business planning process
3a	Planting or starting before you know the market	Know your markets	Know your markets	Know your markets	Now or before beginning farming for income	Know your markets

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LG-200 Due Diligence						
	Lack of budgets	Completing an annual budget projection				
3a	Unrealistic projections	Use historical data (both production and Financial) and sensitivity/scenario analysis. Start-ups, should lean heavily on benchmarks, existing info, & someone with more experience.	Do your homework or due diligence	Low and high brackets/scenarios; Seek good numbers	Before the enterprise starts. If starting up, scaling, or adding new enterprise.	Providing space and time for planning and analysis. If on-going concern, keep good records. If startup have record keeping system in place
3a	Along the lines of unrealistic projections: Frustration when projections are off	Review projections to understand where things went awry.	Projections are a helpful planning tool, but require regular adjustment.	Compare projections with actuals. Make adjustments throughout the year (to make up for slow revenue or cut back on expenses)	Once a month when balancing their checkbook	
3a	Missing expenses in projections		Put numbers to paper from quality sources before getting in too deep with a new venture.	Review available budgets from extension etc... Start small and test to get an actual idea of what the expense will be.	Before starting, at least annually	Ask questions, use available resources, test ideas at a small scale when possible.
3d	Not realizing the variety of credit/finance options	Seek out more competitive rates/terms Explore alternatives, Slow Money, Crowd funding, clubs	Talking to lenders in advance and shopping for financing to get familiar with options	Use amortization calculations to determine how significant and change in interest rates will be on monthly payment/loan lifetime payments		Get a loan calculator app on phone or computer desktop to get familiar with monthly payment estimates
2	Plan for disaster	Build a financial buffer to alleviate possible emergency needs	Build a financial buffer Shit Happens	Build a financial buffer Risk Planning	Now	Review financial goals and funds to anticipate potential emergencies SWOT
2	Not Planning the workflow through the season	Systems for planning workflow	A planned workflow allows a business to make adjustments for peak demands and anticipate overloads and burn out	Find a system for planning workflow	Set up before the season begins	Annual review of workflow and any changes anticipated
LG-201 Record Keeping						
3b	Lack of (financial) records	Find a process that enables farmer to keep records at some level they're comfortable with	Create a record keeping system that will be utilized	Keep records	Set up before the season begins	Annual review of records, add what is missing, dump what is not working or worthwhile
3	Books not kept current	TA provider to work ongoing with client; designate a family member, or outside bookkeeper, to maintain books, instead of the farmer	Right resource at the right time. Not always the farmer.	Carve out time in calendar to update books, if possible. Reach out to TA resources for help.	Immediately. No time like the present	Keep calendar, make it a habit, use auto import options in software
3b	Sporadic bookkeeping	Establish regular (weekly, monthly) schedule to ensure financial data is up to date.	Financial data is most useful when current	Use computer based bookkeeping resource	weekly-monthly	record sales, expenses, daily and weekly

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LG-300 PROACTIVE FINANCIAL MANAGEMENT (Using financials to your advantage)						
2	Not making financial management a priority	Implementing (starting) habits in November/ December when things are slow	Create Habits	Schedule financial management as a regular chore	November, December and January when they have space to think.	Putting dates/times on the calendar for when they'll focus on FM
2	Lack of an ongoing business plan	Annual review of a business plan	review of a business plan regularly annually	Internal &/or external process	Before the next farm season	Annual review of a business plan
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2	Not Planning the work flow through the season	Systems for planning workflow	A planned workflow allows a business to make adjustments for peak demands and anticipate overloads and burn out	Find a system for planning workflow	Set up before the season begins	Annual review of workflow and any changes anticipated
3a	Payment is not profit	Profit comes after the farmer's salary and other expenses	Profit comes after the farmer's salary and other expenses	Plan for payment to the owners, then work back to determine what to produce	Plan for payment to the owners	Plan for payment to the owners
2	Taking capital expenses out of cash flow when there is not cash to support it.		Managing cash flow can be a daily, weekly, or monthly business activity depending on the season, business type and stage	Track cash flow closely, especially at key decision points.	When making a capital purchase, at key decision points.	Ongoing cash flow planning. Cash flow planning at key intervals.
3b	Mixing capital expenses into annual cash flow projections		Understanding annual cost v. capital costs and clearly reflect the distinction in your finances	Separate capital expenses in a budget section below the annual expenses.	At startup, at least annually.	Learn business financial basics before starting a business.
LG-301 Heeding Advice & Using Expert Resources						
3a	Unrealistic projections	Use historical data (both production and Financial) and sensitivity/scenario analysis. Start-ups, should lean heavily on benchmarks, existing info, & someone with more experience.	Do your homework or due diligence	Low and high brackets/scenarios; Seek good numbers	Before the enterprise starts. If starting up, scaling, or adding new enterprise.	Providing space and time for planning and analysis. If on-going concern, keep good records. If startup have record keeping system in place
2	When someone says you are not in a good position to borrow, not listening and finding someone else that will lend	Listening to concerns from others and evaluating their merit. Proving loan repayment capacity with sound budget projection	Ability to access finance is different than taking on smart debt		Demonstrate repayment thru budgets and feasible marketing plan that is validated by a 3 ^d party adviser	Develop relationships in advance with peer or technical assistance providers that can review plans
3d	Not realizing the variety of credit/finance options	Seek out more competitive rates/terms Explore alternatives, Slow Money, Crowd funding, clubs	Talking to lenders in advance and shopping for financing to get familiar with options	Use amortization calculations to determine how significant and change in interest rates will be on monthly payment/loan lifetime payments		Get a loan calculator app on phone or computer desktop to get familiar with monthly payment estimates
3	Understanding business growth trajectory	Setting a feasible target for business growth that gets the business to a feasible scale for profitability	Refer to benchmarks on business scale and right sizing	Multi Year production, budget and market plans projections to land at "right size"	Need to seek out these benchmarks early, before they get it in their head that the scale they "want" to operate at is going to be profitable	Research industry before entry