

Farm and Ranch Strategic Planning (Visioning and Goal Setting)

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Strategic Planning

Strategic planning involves thinking about where a farm or ranch business needs to be positioned in the future. It involves considering what the various stakeholders want to happen to the business as a whole. It also involves evaluating what skills and resources the business and business participants bring to the table and subsequently where efforts and resources need to be focused for the business to remain competitive.

For many farms and ranches this planning for the future of the business has been very informal. The thought process starts with a consideration of the resource base. Activities and enterprises are then selected to “fit” with the resource base. In many cases, vague objectives and goals remain in the minds of the individual managers or owners.

As businesses, including farms, become larger, more complex, and involve more stakeholders, there may be some benefit to replacing this traditional management style with a more strategic and participatory management style. The flow of the thought process for a “strategic” management style is dramatically different. The significance of this difference cannot be overemphasized, as it dramatically opens up the scope of possibilities available to the organization.

The management team (and other stakeholders) begin with an overriding vision of where they want the business or entity to go. The vision is then focused to a more concrete mission, which is made workable through well thought out and documented long-term objectives and short-term goals. A strategy is formulated, selecting enterprises and activities that lead to accomplishment and fulfillment of goals and objectives. Specific tasks and tactics are spelled out, and a resource base is assembled (beginning of course with the existing resource base) to implement the plan.

The Visioning Process

Vision and/or mission statements form the foundation of a strategic management system. Vision is a long-term concept, focusing on where the business hopes to be in the future and providing guidance for the organization over the long-term. Knowledge and broad acceptance of what it is that the organization needs to accomplish always makes the path clearer. Vision statements often directly reflect deeply held core values such as honesty, integrity, passion for rural lifestyle, or concern for the environment. They focus on what is really important, emphasize the future, and can be a unity building instrument to facilitate the planning process.

More specific characteristics such as business size and scope, composition and quality of products or services, target markets, and work force composition also may be reflected in the vision statement. These specifics may be relegated to the mission statement. Once in place, a well-drafted vision statement can increase motivation (especially during tough times), increase the chance of business success, and lead to increased satisfaction among all the family business stakeholders.

The mission statement embodies the broader vision, but is much more specific and focused on the present, rather than the future. A well-written mission statement outlines the basic purpose of the business and summarizes what is done, who it is done for, and how the organization conducts itself. The mission statement reflects the true strengths of the overall business. When formulating a mission statement, it is important to focus attention on the guiding values, principles, and primary roles of the organization to provide direction when making major decisions.

To illustrate the flow from an overriding “vision” to a more focused “mission”, a ranch could have a vision of producing the highest quality beef products possible. More concrete attributes like genetic characteristics, environmental responsibilities, commitment to the community, and employee friendly workplace need to be incorporated into the mission statement. The process of developing vision and mission statements is as important as the product. Getting input from every stakeholder, drafting statements, getting feedback, revising, and rewriting gets the communication flowing regarding what really matters. However, due to the abstract nature of the activity, developing vision and mission statements can be one of the more difficult tasks for the farm business management team. Those who expend the time and effort to base their planning activities on an overriding vision and a more specific mission for their organization will find that they provide a solid foundation for the business and provide guidance for day-to-day activities.

Developing Vision and Mission Statements

Individuals and organizations approach the visioning process differently, however, a few general guidelines should be kept in mind. Relegate long-term planning activities (visioning) to noncrisis time periods so that attention can be focused on long-term issues. It is critical to discover the expectations of all family stakeholders during the visioning

process. This reduces the risk of incorrect assumptions, increases cooperation in creating the plan, and helps to reduce conflict, ultimately resulting in a more effective plan.

One danger of written vision and mission statements (and the most common criticism) is that they can quickly become too abstract and all encompassing, making them essentially useless for directing day-to-day management. The most effective way to avoid this pitfall is for the stakeholder team to keep this danger in mind as the statements are being drafted. Keep the purpose and intent of the visioning activity in mind throughout the process; to inspire and direct you and others in the business, not to impress outsiders.

In their final form, both the vision statement and the mission statement should be relatively brief (a rule of thumb for the mission statement is 100 words or less). There are many ways to begin pulling various stakeholder thoughts and expectations into vision and mission statements. Thinking about (and filling in) the Visioning Matrix of business and personal expectations may help each stakeholder to concisely verbalize “why the business exists,” and “what they want the business to look like in the future.”

Refer to the points each stakeholder includes in the visioning matrix to formulate vision and/or mission statements, perhaps using the following generic templates to illustrate and stimulate the thought process.

Vision Statement Template

*In ten years our business will be providing _____
 We will be recognized for our ability to _____
 We are pursuing these activities because _____*

Mission Statement Template

The mission of _____ is to operate a _____ . This endeavor will provide _____. (desired financial results, desired product results, desired family and living environment, desired business transition results, recognition within industry, community, etc.)

Finally, realize that developing vision and mission statements that are appropriate for your farm or ranch will require a significant amount of time and effort. Spread that

Visioning Matrix

	Now (Mission Statement)	Future (Vision Statement)
What business are we in; what products / services do we provide		
Primary production practices (standard or unique)		
What do I see as the appropriate size and scope (enterprise mix) of the business		
Marketing practices (traditional or unique)		
How is the business to be managed, owned, and organized		
Social - environmental concerns / responsibilities		
Human resource structure and philosophy		
Expected financial performance, and how it is distributed		
Other “family value” expectations from the family business		

effort over numerous family and stakeholder discussions (family meetings).

Goal Setting

The next step in the strategic planning thought process (goal setting) helps formalize informal “dreams” into concrete short-term goals and longer-term objectives that support the overriding vision and mission of the organization. As with the visioning process, the goal setting process is often challenging for agricultural business managers because many have not tried to formalize their abstract ambitions. However, clearly defined written objectives and goals are essential for developing a serious business strategy, as they provide a solid framework for achieving the mission and vision of the organization.

When taken seriously, the goal setting process takes time, a precious commodity for everyone. Goal setting requires creative thinking, discussion, and compromise among family and business partners (communication is critical throughout the strategic planning process). It is critical that the objectives and goals build on what is important and flow seamlessly from the overriding vision and mission of the organization. Well-expressed objectives and goals provide management direction and consistency and add precision to the decision-making process so that resources can be allocated more effectively.

Under the terminology convention adopted for this publication (certainly not universal), objectives are more general, have a longer (or undefined) time horizon, and provide overall direction. They reflect what the organization hopes to accomplish over the long-run. They should flow

directly from the mission statement, translating it into motion. A widely used acronym for long-term objectives is DRIVE (Directional, Reasonable, Inspiring, Visible, and Eventual). Examples for a farm or ranch business might include:

- Increase gross income per acre
- Reduce work load
- Transfer the family business to the next generation

Goals, on the other hand, should be specific statements that set a timetable and provide benchmarks for measuring success. Goals translate general objectives into specific action statements. They work on the principles of focusing attention, mobilizing energy, increasing persistence, and developing work habits. The commonly used acronym for short-term goals is SMART (Specific, Measurable, Attainable, Rewarding, and Timed). Examples that directly relate to the previously illustrated example objective might include:

- Increase average wheat yield to 42 bushels per acre next year
- Contract with a custom operator to put up alfalfa crop beginning this year
- Schedule succession planning family meetings each month this year

Goals that are too general and vague provide little direction for the management team. Remember, specific strategies and tactics (production, marketing, financing, and transition plans) need to flow easily from the objectives and goals. To implement the objective and goal setting process, some businesses may find it useful to have each stakeholder or

Goal Setting Matrix

Category	Longer - Term (Objectives – 1, 2,...)	Short – Term (Goals – a, b,)
The overall business production enterprises, activities, and production practices	1. 2.	1a. 1b. ...etc. 2a. 2b. ... etc.
Marketing products, services, and our business	1. 2.	1a. 1b. ...etc. 2a. 2b. ... etc.
Financial position, size, structure	1. 2.	1a. 1b. ...etc. 2a. 2b. ... etc.
Environmental, community, and resource stewardship	1. 2.	1a. 1b. ...etc. 2a. 2b. ... etc.
Personal / family family - business interaction family communication	1. 2.	1a. 1b. ...etc. 2a. 2b. ... etc.

business partner fill out a goal setting matrix like the one illustrated in the Goal Setting Matrix.

The broad array of objectives and goals that various stakeholders bring to the “table” from this exercise can then be “thinned out” and prioritized, in order to reduce the demands on limited resources, reduce conflicts between business and family activities, and ensure consistency between objectives and goals, and with the overall mission and vision of the organization.

Begin by developing a list of long-term objectives that are agreed upon by all stakeholders. Start with the objectives because typically the list of long-term objectives is shorter, and less controversial, than the list of short-term goals presented by various stakeholders. With the list of agreed upon objectives in front of the planning team, separately create a

master list combining each stakeholders’ list of short-term goals. Consider the primary resource requirements (money, labor hours, etc.) for each goal. In addition, consider how well each individual goal matches up with other goals, and with other long-term objectives (complementary or conflicting).

Numerous meeting and conversations involving all stakeholders will be needed to develop a more manageable list of the most important commonly agreed upon objectives and goals for the organization. The goal setting process is iterative. After contemplating prioritizing short-term goals, the management team may find that there is a need to go back and revisit long-term objectives, or even revise the mission and/or vision statements of the organization.

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