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Strategic or Survival Mode?

With any new year, there are grand plans for improving health, calling important relatives more often, and so on. However, is there a plan behind that goal? The same can be asked of your operational goals. The best way to develop a plan to reach your goals is to figure out your operation’s baseline. Where is it now?

Do you need a SWOT?
A SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is a series of questions you complete to set your operation up for success. A SWOT analysis is essential, not only for your operation, but also for yourself. Agriculture is notorious for being stressful. How did this year feel? Did it feel like your operation was just surviving? Was your stress level at an all-time high? What were the effects on the family? Reflection and analysis are hard. However, we do not learn from our experiences, we learn from reflecting on them.

The purpose of a SWOT analysis is to identify internal and external trends – whether they are positive or negative, helpful or harmful to your operation. Completing a SWOT analysis also allows you and your team members (family, business partners, etc.) to identify the environmental, physical, and political climate of the farm business. Maybe everyone is on the same page with the conservation strategy, but your son is not too keen on how the new hired man does things. Once you complete a SWOT analysis, you can determine what you need to achieve established goals (strength or opportunity) or if there is an obstacle to manage (weakness or threat).

Strengths and Weaknesses
The first two parts of a SWOT analysis, strengths and weaknesses, focus on the inner workings of your operation; things within your control. Strengths help you carry out your operation’s vision, while weaknesses are the exact opposite; deficiencies in competencies and resources that limit how far your operation can carry out its vision. Some examples of strengths could be your excellent handling facilities or your partner’s accounting degree. Weaknesses could be the lack of a transition plan for passing the operation to others or your off-ranch sibling asking for a bigger check at the end of the year.

Questions to help you reflect on operation strengths:
• What strengths does your operation have that make you competitive?
• Is the moral of your family and employees high?
• What natural resources does the ranch have?
• Why do your customers buy from you? (Don’t be afraid to ask!)

Questions to help you reflect on operation weaknesses:
• What could you improve?
• What do competitors do better or differently than you?
• What resources are lacking? What needs to be developed more?
• Which enterprise is least profitable?

Opportunities and Threats
The last two parts of a SWOT analysis, opportunities and threats, require you to look at your operation from an outsider’s perspective. These are issues that you cannot control, but you can develop management strategies to enhance or reduce their impact on your operation.

Opportunities are external positive situations, while threats are external negative circumstances that affect your operation. An opportunity could be a new processing facility opening locally, decreasing trucking costs, or you may live close to a large metropolitan area with consumers that want local meat. Threats could be an out-of-state landowner buying up the sections around your place and you feel hemmed in, or there could be a threat from key relationships that are floundering – between yourself and your spouse, or between you and your ranch hand. Whatever the threat, you should develop a plan to resolve the problem or find ways to practice acceptance.

Questions to help you reflect on operation opportunities:
• Are there new technologies that can lower costs?
• Who should I develop relationships with to leverage my operation?
• Are there government programs that will help achieve goals?
• Is there a new consumer ‘trend’ that is predicted to be around for a long time?

Questions to help you reflect on operation threats:
• Are there new regulations I need to be aware of? How will they impact me?
• Do I have unmanageable debt or problems with cash flow?
• Are all my employees appropriately trained and motivated?
• Is the operation producing too many different commodities? Do we need to refocus?

There are no set guidelines for completing a SWOT analysis – it serves as a starting place to look at the operation comprehensively, allowing you to evaluate the current condition and select management strategies appropriately. This process can be done at any point during the year, helping you get out of a “survival mode” and into a “strategic mode.”

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