

Risk and Resilience in Agriculture

From Risk to Resilience in Agriculture: The Marketing Resource

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There are four basic steps in developing, reviewing, and revising your marketing plan.

1. Set your annual family, operation, enterprise, and marketing goals. Good financial information is the basis for all these goals.
2. Determine your marketing toolbox.
3. Determine how your marketing toolbox can be used to achieve each enterprise's sub-goals.
4. Combine the results of the preceding three steps into a written document.

Step 1. Set your annual marketing goals.

Goal setting is an important step in the planning process. Goals provide the direction for your operation, including your marketing program. Begin with a complete financial picture of your operation. A commandment of market planning is: complete your farm/ranch financial record keeping first. The following financial statements provide the necessary planning information: a recent balance sheet, cash flow projection, projected Income

statement, and enterprise budgets showing cost of production and profitability of each enterprise.

Step 2. Determine your marketing toolbox.

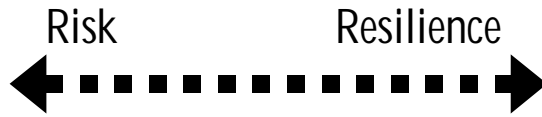
The basic set of marketing tools are: remain unpriced (sell cash), a basis contract, the futures market, use an option, a minimum price contract, forward contract, or some combination of these individual price protection options. How comfortable do you feel with each of these tools or using them in combinations? Is your marketing team familiar with these tools and will they help implement the use of individual tools. Remember, a primary consideration is managing price risk to help protect your overall financial risk and achieve the goals set in step #1.

Step 3. Determine how your marketing toolbox can be used to achieve each enterprise's sub-goals.

Each enterprise within an operation may require use of different marketing tools. With specified goals and objectives as a road map, the marketing team has the information to plan and implement specific goals for each enterprise.

Step 4. Combine the results of the preceding three steps into a written document.

The marketing plan should be developed in detail and put in writing. The plan should assign each task to a member of the operations management team. Be specific, when assigning tasks. Make sure the questions who, what, when, where, and how are all answered and assigned. Vague goals and procedures do not make a good marketing plan.



Does your marketing plan: (Check)

- Involve all the people necessary to implement your plan?
- Identify your financial risk?
- Minimizing the emotion involved in marketing decisions?
- Identify who is responsible for each item in the plan?
- Identify where prices are headed and how they will affect your business?
- Provide for periodic review and flexibility in marketing decisions.
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Risky - Less than 3 checks

Five or more checks - **Resilient**