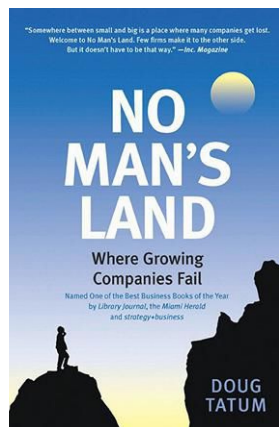


# No Man's Land For Your Farm

*“Growth confronts entrepreneurs with new challenges for which they are ill-equipped.”*

—Doug Tatum

In a recent peer-group meeting, the owner of a medium-sized manufacturing business described the struggles in growing his enterprise for our farm audience. He referenced Doug Tatum's book “No



Man's Land” as a helpful resource, pointing out that, as the business grew, he needed a guide to help him navigate the challenges for which he had no experience—the “no man's land” between a comfortable today and a successful tomorrow. The speaker's points were relevant for many farm and ranch family businesses, which also struggle with the challenges brought on by growth.

Almost every expansion of acreage, every new business enterprise or every new financial investment contains challenges and creates the need for improving management skills and knowledge. Your intuition is valuable, but so is the advice and counsel of people who have been through similar trials. Tatum divides the hurdles we face into four categories: your market, your management, your model and your money.

## YOUR MARKET

Even though many farm and ranch businesses produce a commodity and may not directly know the final consumer, they still must answer to a customer, be it a broker, buyer or even landowner. Tatum points out that as you grow, you need to respond to customer needs and replicate your skills and develop new processes so “the value born out of a set of skills and passions held originally by the entrepreneur [is] ultimately captured by the business itself.”

Your grain marketing process or your relationships with landowners, livestock or grain buyers or lenders need to be formalized and spread to others so that you are not the bottleneck, and the business can quickly respond.



Write Lance Woodbury at Family Business Matters, 2204 Lakeshore Dr., Suite 415, Birmingham, AL 35209, or email lance@agprogress.com.

## YOUR MANAGEMENT

Some of the people who helped you achieve your current level of success will not make the transition to the next stage of your business. You also need new skills to help navigate some of the difficulties that come with growth. I've seen family farms and ranches hire new operations managers, agronomists or human resource managers—often from outside the family—to bring the skills necessary for the next stage of growth.

## YOUR MODEL

As your business grows, you must stay profitable. We've all seen businesses in our community that grew but couldn't manage their costs and went bankrupt. In moving your business to the next level, what is the optimal equipment investment? How many acres or animals are needed to absorb your new overhead, labor or equipment structure? When does it make sense to outsource some jobs? Tatum emphasizes the need for regular financial and operational reports so that you regain the “sense of control” that so often feels lost during growth.

## YOUR MONEY

Tatum's fourth area revolves around money, and his primary point is that “growth itself generates the need for capital,” because the business requires financial investment in advance of revenue. This is particularly true in agriculture businesses, where the return of a yearlong (or multiple-year) investment is realized at the point of harvest. A growing agriculture business involves rent, inputs, land improvements, buildings, bins or baggers, trucks, supplies, equipment and labor—all needed in advance of selling the crop. If your business is growing, then understanding, finding and managing capital is a critical skill.

The journey of growing a farm or ranch business can be both exciting and scary. You will undoubtedly encounter terrain you haven't seen. In Tatum's words, having “a map, a high place from which to orient yourself, and navigational rules” can mean the difference between failure and success in no man's land. ///

