

MASTERING MARKETING



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Making the Most of Your Time — Be Effective

In the opening session of a recent *Annie's Project Class* I coordinated, we addressed the topic "The Seven Habits of Highly Effective Farm Women." It was a take-off modeled on Steven Covey's (1992) book, "The Seven Habits of Highly Effective People." In his book, Covey highlights the seven habits of great man-

agers. I think this is a valuable read for any business person. Another great resource for Ag business entrepreneurs is "The E-Myth" a book by Michael Gerber. His book talks about how most of us believe we can succeed as entrepreneurs, when in reality most small businesses fail.

But who has time during the production and marketing season to sit down and read? Consider adding them to your winter season reading list then. But in the meantime, drawing from their content, some time- tested business acumens, and examples I've gleaned from working with successful Maryland farmers, here is my list of the "Seven Habits of Highly Effective Ag Entrepreneurs."

1. Begin with the end in mind - This is the first habit on Covey's list and it deserves the top spot on this list too. You're to list your mission and goals in your business plan. But, unless those goals are honed down to very specific outcomes, the bullseye on the target is lost. If you can't say where you're going, you're going to end up somewhere else. This applies to both short-term and long term goals.
2. Match up cost with revenues - That means marketing comes first. If you can lock in or project your profits, it can help you keep your eye on the profit target. Keep tabs on when, where and what expenses are happening in regards to the timing and amount of projected income. Don't treat costs and earnings as two separate issues.

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3. Conduct your own risk analysis of your business. Look at the worst-case scenarios - what if someone in the operation dies or becomes disabled, what if someone gets divorced, what if a key player leaves the business, what if crops fail, or competition cuts your profits. Consider ways to manage these risks with planning tools and possible insurance coverages.
4. Conduct autopsies - Review your past decisions and expenditures to avoid repeating the same mistakes. What's been working well and how can you expand in that area? What needs to drop from the operation's offerings due to lower return on investment in proportion to the labor and time required.
5. The 5% rule - Studies show that more growth comes from doing 20 things 5% better than doing one thing 100% better. With so many of our operations becoming more diversified and managing several enterprise profit center on one farm, this can help direct your overall plan of work.
6. The 80-20 rule - The 80-20 rule says that 80% of what we accomplish is produced by 20% of what we do. Time is a limiting factor for all of us. We often focus on what we like to do, rather than what will increase our sales. Can someone else handle tasks that take you away from managing your business?
7. You must be both the Chief Cook and Bottle Washer - too many entrepreneurs think that if they know the technical side of the business- baking the pies , or planting the crops for example- they understand how to run the entire business. As the owner, you'll need to understand the complexities of production, marketing, human resources, and finances. Few folks can handle all these expertly on their own. Form a management team of professionals to advise and supplement your efforts in these areas. Form strategic alliances where applicable to gain market access, economies of scale, technical support, and camaraderie. Do what you do best in your operation, but don't neglect the other key areas of conducting a business.

Most folks become Ag entrepreneurs because they love producing a product, growing a crop, tending the livestock, or being their own boss. Fewer really enjoy the financial, marketing, and resource management side of the business. But, without implementing some high effective business management skills, the production side of the business may be short-lived.