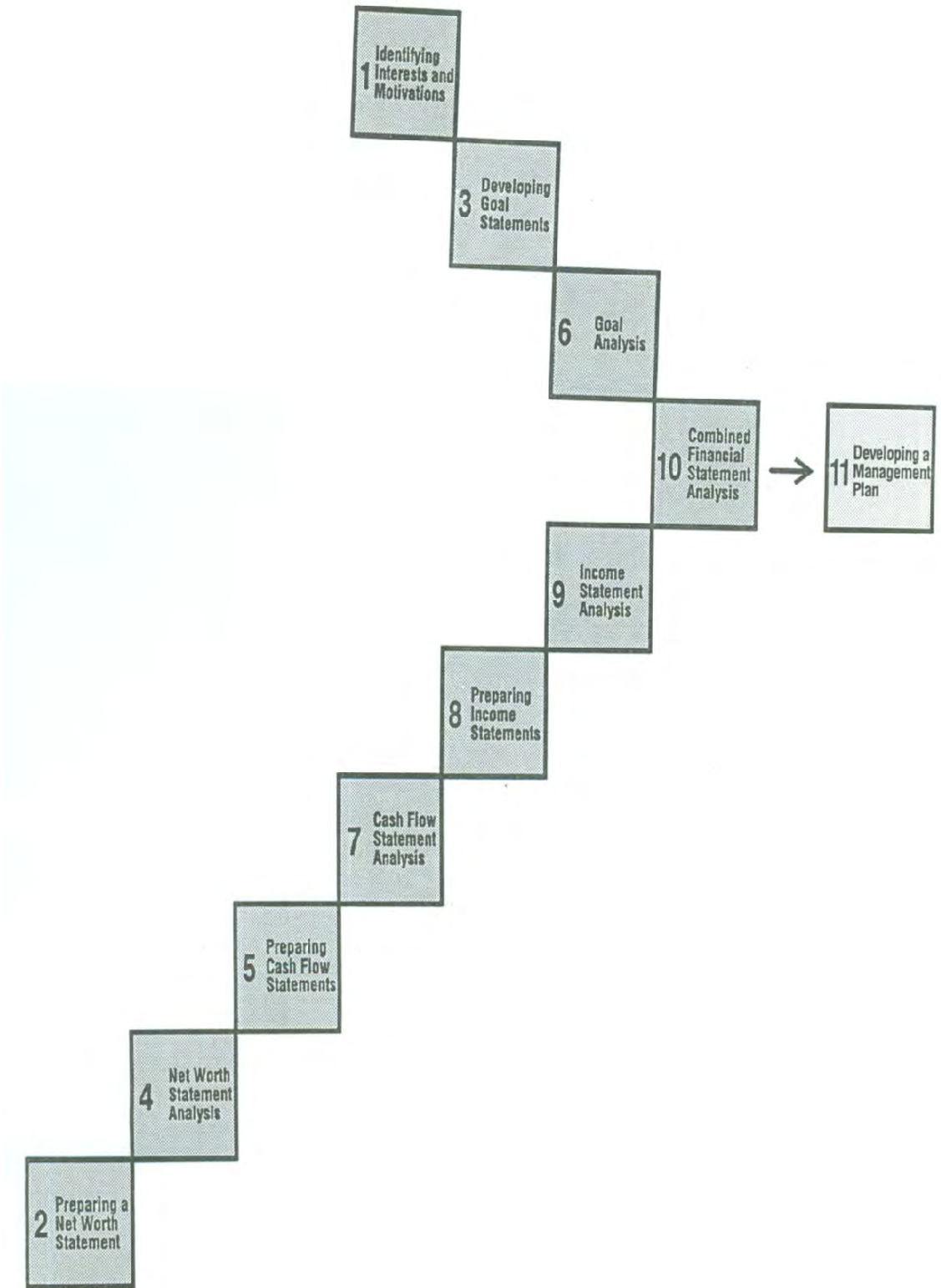




COMPREHENSIVE GUIDE TO FARM FINANCIAL MANAGEMENT

Module 11: Developing a Management Plan

Course Map



Developing a Management Plan

Introduction

A Management Plan is a plan of action developed to direct farm and family activities and available resources toward achievement of Prioritized Management Team Goals.

Performance Objectives

Upon completing the material in this module you will be able to:

- identify the activities and resources required each year to achieve Prioritized Management Team Goals; and
- identify monthly time commitments required by goal activities.

Goal Directed Action Plan

Your team has invested a great deal of time and effort toward developing the most suitable and motivating team goals to guide the management of the farm and family.

Goals are just hopes and dreams until they are put into action. A Management Plan directs farm and family activities and available resources toward the achievement of Prioritized Management Team Goals. It changes constantly to focus on current ambitions, opportunities, limitations and needs of the management team. The Management Plan is a goal directed action plan for the team to follow.

To develop the Management Plan for the team you will:

- develop a Management Plan for one year. The Management Plan outlines goal activities and resources required to pursue team goals during this time period.
- develop a time planning calendar. The Management Plan Calendar provides a monthly listing of the time commitment required by the person(s) responsible for completing each goal activity.
- establish and conduct regular reviews of the Management Plan and Management Plan Calendar to keep the team focused on goal achievement.
- review and update the Prioritized Management Team Goals, **when the previous year is completed**, before developing a new Management Plan and Calendar for the next year.

Management Plan

To pursue goal achievement, the team needs to know **what has to happen and what is required to make it happen.**

A Management Plan provides the team with a yearly plan of action to follow toward goal achievement. It is used by the team to identify goals and activities to be accomplished and the resources of time, people and finances required to achieve team goals.

Goals and activities are listed on the Management Plan in order of rank. This does not mean that medium and low ranked goals are ignored. However, if resources are limited and not all activities can be pursued, high ranked goals and activities receive priority over those that have lower ranking.

Let's see how Diane and John completed the first two pages of their Management Plan:

Management Plan

Management Team: John and Diane Blake

Year: 20X1

Worksheet # 1 of 15

USE OF RESOURCES								
Column P	Column Q	Column R	Column S	Column T	Column U	Column V	Column W	Column X
Ranked Long Term Goal	Ranked Short Term Goal	Activity Required for Goal Attainment	Timing (months of the year)	Who will carry out activity	Labour commitment (person days)	Purchases Required for Goal Attainment	Funding Required	Expected Benefits
(H) to purchase the land from George and Hazel in the next ten years	(H) to develop a plan for the land transfer by November	Meet with George and Hazel	July	John & Diane	2 days			- to keep farm in family
		Gather information and advice	October	John & Diane	3 days			- will have security of ownership
		Finalize plan	November	John & Diane	2 days	Land	??????	
(H) to purchase the land from George and Hazel in the next ten years	(H) to purchase some land from George and Hazel by December	draw up Agreement for Sale	December	John & Diane	½ day	some land	??????	- to keep in family - will have security of ownership

Management Plan

Management Team: John and Diane Blake

Year: 20X1

Worksheet # 2 of 15

			USE OF RESOURCES					
Column P	Column Q	Column R	Column S	Column T	Column U	Column V	Column W	Column X
Ranked Long Term Goal	Ranked Short Term Goal	Activity Required for Goal Attainment	Timing (months of the year)	Who will carry out activity	Labour commitment (person days)	Purchases Required for Goal Attainment	Funding Required	Expected Benefits
	(H) to update our wills by March	Plan what we want	February	John & Diane	2 days			- security of knowing we are protecting ourselves and our family
		See lawyer	March	John & Diane	½ day			
		Re-plan	March	John & Diane	2 days			
		Finalize will	March	John & Diane	½ day			
							lawyer's fee	
	(H) to repair the corral fencing by October	assess repairs	August	John	½ day			- protect cattle
		gather material	August	John	1 day	Materials	\$500	
		repair fence	August	John	3-4 days			

Activity

The management team will develop the Management Plan for the farm and family. Use the worksheets found at the end of this module.

Instructions to complete the Management Plan

To complete the Management Plan you require:

- Short Term Goal Planning Worksheets
1. Work as a team.
 2. Use only those short term goals on the Short Term Goal Planning Worksheets that include activities **that will take place in the year that is being planned.**
 3. List short term goals on the Management Plan **in order of rank.** All high ranked short term goals are listed first, all medium ranked goals are listed next and all low ranked goals are listed last.
 4. Each page of the Management Plan can accommodate two short term goals from the Short Term Goal Planning Worksheets. For each short term goal, transfer the information to the Management Plan as follows:
 - transfer Column G of the Short Term Goal Planning Worksheet to Column P of the Management Plan
 - transfer Column H of the Short Term Goal Planning Worksheet to Column Q of the Management Plan
 - transfer Column I of the Short Term Goal Planning Worksheet to Column R of the Management Plan
 - transfer Column J of the Short Term Goal Planning Worksheet to Column S of the Management Plan

instructions continued on next page

Instructions continued...

- transfer Column K of the Short Term Goal Planning Worksheet to Column T of the Management Plan
- transfer Column L of the Short Term Goal Planning Worksheet to Column U of the Management Plan
- transfer Column M of the Short Term Goal Planning Worksheet to Column V of the Management Plan
- transfer Column N of the Short Term Goal Planning Worksheet to Column W of the Management Plan
- transfer Column O of the Short Term Goal Planning Worksheet to Column X of the Management Plan

Management Plan Calendar

Timeliness is extremely important when pursuing goal achievement. Your team has invested a great deal of time and effort into goal planning. If goal activities are not pursued when they are planned to take place, the Management Plan is no longer an action plan - it is the victim of procrastination.



A Management Plan Calendar is the time planning calendar for your team. It provides advance notice of upcoming goal activities so that time commitments can be planned and goal activities initiated and completed. The Calendar is a monthly schedule that specifies the time commitment required by the person(s) undertaking each activity.

Let's see how Diane and John completed January and February of their Management Plan Calendar:

Management Plan Calendar

Management Team: John and Diane Blake

JANUARY 20X2

Column 1	Column 2	Column 3	Column 4
Who will carry out activity	Labour commitment (person days)	Activity Required for Goal Attainment	Ranked Goal
<i>John & Diane</i>	2	<i>gather information</i>	<i>(H) shelterbelt</i>
<i>Diane</i>	1	<i>contact specialist</i>	<i>(H) shelterbelt</i>
<i>John & Diane</i>	1	<i>develop plan</i>	<i>(H) shelterbelt</i>
<i>John & Diane</i>	1	<i>gather information</i>	<i>(H) education fund</i>
<i>John & Diane</i>	½	<i>evaluate choices</i>	<i>(H) education fund</i>
<i>John & Diane</i>	2	<i>talk to George and Hazel</i>	<i>(H) planning to live at farm</i>

FEBRUARY 20X2

Column 1	Column 2	Column 3	Column 4
Who will carry out activity	Labour commitment (person days)	Activity Required for Goal Attainment	Ranked Goal
<i>John & Diane</i>	5	<i>take course</i>	<i>(H) farm management course</i>
<i>John & Diane</i>	½	<i>choose savings plan</i>	<i>(H) education savings</i>
<i>John</i>	1	<i>crop seminar</i>	<i>(H) diversify crop base</i>
<i>John & Diane</i>	2-3	<i>planning</i>	<i>(H) diversify crop base</i>
<i>John & Diane</i>	2	<i>plan what we want</i>	<i>(H) will</i>
<i>John & Diane</i>	2	<i>meet with advisor</i>	<i>(M) estate planning</i>
<i>John & Diane</i>	2	<i>review information</i>	<i>(M) estate planning</i>

Activity

The team will develop the Management Plan Calendar for the farm and family.

Instructions to Complete the Management Plan Calendar

To complete the Management Plan Calendar you require:

- the Management Plan
1. Work as a team.
 2. Deal with one activity listed on the Management Plan at a time.

Using the information from Column S - Timing (months of the year), go to the corresponding month on the Management Plan Calendar. Complete the calendar following these instructions:

- transfer Column T of the Management Plan to Column 1 of the Management Plan Calendar
- transfer Column U of the Management Plan to Column 2 of the Management Plan Calendar
- transfer Column R of the Management Plan to Column 3 of the Management Plan Calendar
- summarize the information from Columns P and Q of the Management Plan and transfer to Column 4 of the Management Plan Calendar

Interim Review

Regular review of the Management Plan and Calendar while the plan is in progress is necessary to keep the team focused on goal achievement. It is the responsibility of the management team to schedule and conduct regular progress reviews. The frequency of reviews is determined by the management team and may be monthly, bi-monthly, quarterly or semi-annually.

When Management Plan activities are **not** being achieved, **immediate** review is necessary to determine the cause. Appropriate steps must be taken by the team to re-focus team activities and resource usage on goal achievement.

When reviewing the Management Plan and Calendar, ask this question:

- Is the team on track and focused on goal achievement?

If the answer is “No”, then ask these questions:

- Can the team identify the event(s) or condition(s) responsible for lack of goal attainment?
- Were all resources available when required?
- What corrective action must be taken?

Year End Review

At year end, review the Management Plan and Calendar. Knowledge gained by reviewing past performance can be used to focus the team on goal achievement in the future.

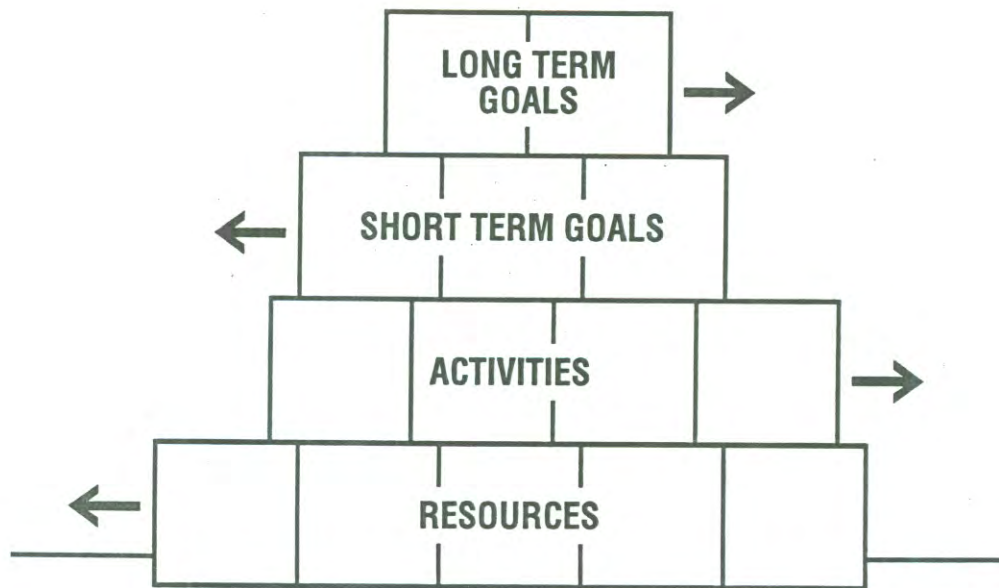
Ask these questions:

- Which goals did the team achieve?
- Was the team satisfied with the results? Why? Why not?
- Did the team use resources as anticipated?
- Which goals were not completed? Why?
- Is the team still willing to commit resources to these uncompleted goals?

Prioritized Management Team Goals Review

Prioritized Management Team Goals are reviewed at year end before a new Management Plan Calendar is developed.

Goals are flexible and subject to change as farm business and family life circumstances change. When goals are accomplished, new goals emerge to challenge the team. A shift or change in any of the four components of goal directed management causes a corresponding shift or change in management team goals.



For example:

Dave and Rita decided to take advantage of an opportunity to lease an additional 500 acres of pasture (a resource shift). This decision is reflected in these new team goals:

- Long Term Farm Goal
 - to increase the cow herd size by 50 head in four years
- Short Term Farm Goal
 - to increase calving facilities by March 20X2
 - to increase corral space by October 20X2
 - to increase forage acres by 100 acres by 20X3

To review the Prioritized Management Team Long Term Goals, ask these questions:

- Are these the goals the management team wants to guide the farm and family in the future?
- Are there any goal changes, additions or deletions identified by the management team? If so, what are they?

To review Prioritized Management Team Short Term Goals that have not yet been attained, ask these questions:

- Are these the goals the management team wants to guide the farm and family in the next one to two years?
- Are there any goal changes, additions, or deletions identified by the management team? If so, what are they?

When responding to the last two questions, it is important to remember that short term goals are constantly changing because of their short life span (one to two years). Some of the supporting goals on the Long Term Goal Planning Worksheets will become short term goals.

Prioritized Management Team Goals Update

When the review of Prioritized Management Team Goal is complete, there will be goal changes, additions and deletions.

The management team will analyze goals that have been identified by the review process. For these goals, repeat Modules 6 (Goal Analysis) and 10 (Combined Financial Statement Analysis). At the end of Module 10, new Prioritized Management Team Goals will be identified. These will be combined with the original and current Prioritized Management Team Goals. **Be sure to delete any goals that have already been accomplished.**

The team will complete Module 11 (Developing a Management Plan) to develop a new Management Plan and Management Plan Calendar for the next year.

Summary

The Management Plan is the goal directed action plan to guide the management of your farm and family. It provides the path to follow toward goal achievement. It changes constantly to focus on the current ambitions, opportunities, limitations and needs of the management team.

The cycle of effective management goes on and on - learning from past experience, assessing the present and moving forward with goal directed management.

Management Plan

Management Team: _____

Year: _____

Worksheet # ____ of ____

			USE OF RESOURCES					
Column P	Column Q	Column R	Column S	Column T	Column U	Column V	Column W	Column X
Ranked Long Term Goal	Ranked Short Term Goal	Activity Required for Goal Attainment	Timing (months of the year)	Who will carry out activity	Labour commitment (person days)	Purchases Required for Goal Attainment	Funding Required	Expected Benefits

Management Plan Calendar

Management Team: _____

NOVEMBER 20__

Column 1	Column 2	Column 3	Column 4
Who will carry out activity	Labour commitment (person days)	Activity Required for Goal Attainment	Ranked Goal

DECEMBER 20__

Column 1	Column 2	Column 3	Column 4
Who will carry out activity	Labour commitment (person days)	Activity Required for Goal Attainment	Ranked Goal