

Preparing Your Business for the Future of Agriculture

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Western Sustainable Agriculture Research and Extension (WSARE) held a conference December 3-5, 2012, in Portland Oregon entitled *Strengthening Agriculture's Infrastructure*. Two keynote speakers, Fred Kirschenmann with the Leopold Center for Sustainable Agriculture and Fred Meter with the Crossroads Resource Center presented some suggestions about what the future might hold for agriculture. This article summarizes a few of these ideas.

In looking for a competitive advantage, producers have two basic options in the long term. The first is to become the lowest price suppliers of a commodity and this strategy is generally successful only for large producers. The second option is to produce a specialty product and take advantage of an opportunity by developing a differentiated product with your merchandising strategy.

The development of a differentiated product requires engaging your customers in a relationship. Like any relationship, extra time will be required on the part of producers to ensure that the relationship is successful. Customers often rely on their memories when making food purchases and look to refresh the positive feelings associated with a food item. This means that building trust with your customers is very important. Marketing experts say that when someone has something bad to say they tell nine people and when they have something good to say they tell one person. While many producers are busy managing the daily stress associated with agricultural production, managing your marketing strategy to ensure that your customers know what to expect is crucial.

Your customers are part of a rapidly changing world. Therefore, in order to keep connected to them, you will need to design your business so that you are as resilient as possible. This means constantly looking ahead at changes that may occur that will affect your customers and your business.

Your cash flow budget can help you investigate various scenarios regarding the future. Budgets that are generated on a computer can be easily changed to determine the impact of a potential problem before it happens. You will be much more able to cope with a crisis if you ex-

amine its implications before it actually occurs. While optimism is important, looking ahead requires you to think about the worst possible outcome and examine its implications. By translating the worst possible outcome into the cash that may not come into your business as projected or cash that may have to go out of your business quickly, you can avoid some of the panic associated with unexpected events. Production agriculture is one of the world's riskiest and least profitable types of business. Planning ahead will help you manage this risk.

Diversity, self-reliance and cooperation will help you develop an adaptable management system. Focusing exclusively on growth may put your operation at risk for outcomes that may be overwhelming. A sustainable system requires that you maintain a scale of operation that you can manage.

Check the WSARE Conference Website (westernsare.org/infrastructure) for PowerPoint presentations from the conference, and video and audio in January 2013.

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