

THE ECONOMIC PULSE OF AGRICULTURE



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Key Words for Game Planning in 2025

- Bifurcated
- Regenerative
- Transformative
- R.E.M. (Respond, Execute, Monitor)



Quick Agricultural Economic Update

- Grain and row crops – “bearish”
- Livestock, diversified, value added – “bullish”
- Export market watchlist
- Tariffs, sanctions & currency valuation
- Profit, liquidity, cash flow vs. going broke

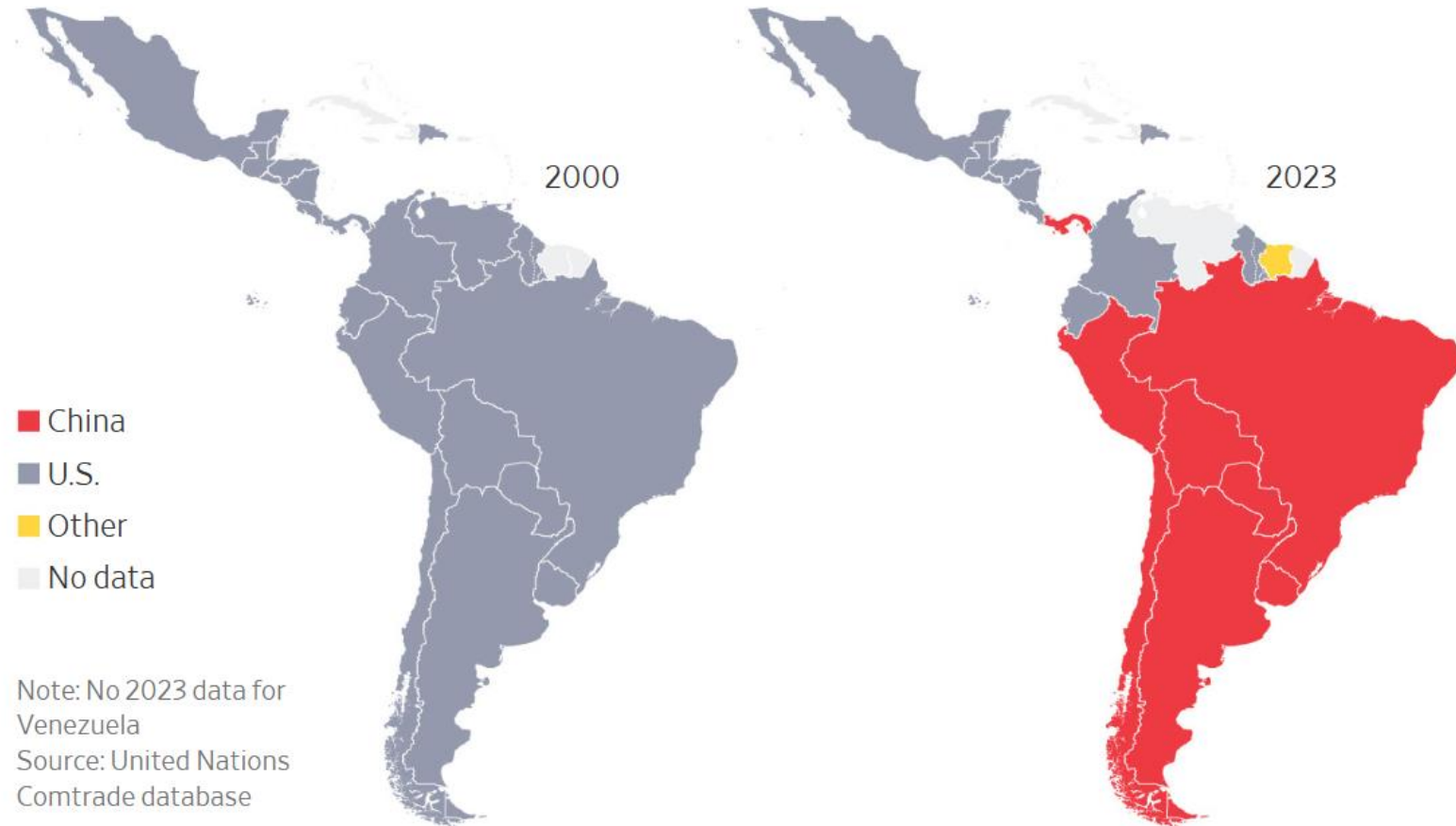


Global Economy Status

- China syndrome
- Mexico/Canada struggles
- Europe greenlash – recession
- Rise of southern hemisphere competitors
- Strategic BRICS vs. U.S.A deficits & debt



Largest Extraregional Trading Partners, by Total Value of Goods Traded



<https://www.wsj.com/world/china-xi-jinping-latin-america-acf6dbc1?page=1>

U.S.A. Economy Status

- Bifurcated economy
- K shaped economy
- ALICE (Asset-Limited, Income-Constrained, Employed)
- struggles
- HENRY (High, Earnings, Not Rich Yet) – A.I. struggles
- HERMAN (High C Earnings, Rich, Mobile, Appreciated Net Worth) - wealth effect



Watch List U.S.A. Economy

- Consumer confidence
- Inflation vs. interest rates
- Long term interest rates, deficits & federal debt
- Deregulation, immigration & A.I.
- Other



Quarter Century Positives

- Young, beginning farmers/ranchers
- Widened gap of profitability
- Agri entrepreneurs – not one size fits all
- Accelerating ag transition
 - Management
 - Assets
- Agriculture life skills- laboratory for youth



Ten Mega Trends Impacting the Agricultural Industry (1)

- Regenerative ag, soil & water health: healthy soil & water equals healthy plants, animals, human beings and environment.
- Data to organized information is the competitive edge.
- A.I. (artificial intelligence) will define & accelerate your brand.
- Alignment with the Next Gen of agriculture.
- Women in agriculture will own or manage over 60% of assets in the future.

Ten Mega Trends Impacting the Agricultural Industry (2)

- The Southern Hemisphere will provide intense competition to agriculture.
- U.S.A.'s agriculture competitive edge is research, education & side by side relationships.
- The medical field & agriculture will be collaborative in preventive & proactive health.
- Transparency to the future consumers. 75% of consumers purchase for an experience.
- Black swans & grey rhinos create challenges but also present opportunities.

Thoughts to Ponder

- Quick money builds ego but slow, steady & disciplined money builds character.
- Success in business life is choosing the right partner.
- “Cost of everything, value of nothing” trap.
- It’s not the one who is the fastest but the one that finishes the race that is successful.
- Success is often measured by dollar signs. Significance is giving back and making a difference in people’s lives.



Management Mindset

Economic Down Cycle Focus

Focus on the Controllables, Manage Around the Uncontrollables

■ Controllables

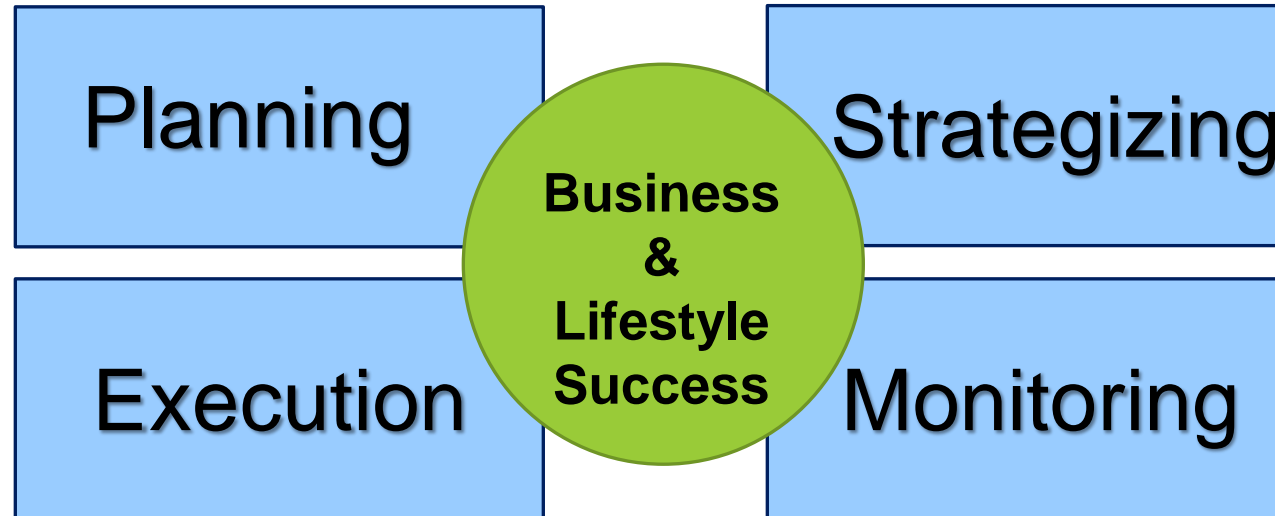
- Monitoring with financial shock testing
- Servicing of debt
- Risk management risk
- Cash flow plan
- Profit plan
- Articulate how you got here
- How are you going to get there?
- Mental health

■ Uncontrollables

- Weather
- Geopolitics
- Trade tariffs & sanctions
- Other



Four Cornerstones of Success



R.E.M. Strategy:

Respond

Execute

Monitor



Management Mindset 2025

R.E.M. Gameplan

Respond = Development of strategy, tactics, metrics

Execute = Action executed with defined outcomes

Monitor = System or processes for ongoing monitoring

Check the appropriate boxes.

Management Mindset Checklist		Respond	Execute	Monitor
1.	Establish written goals: business, family & personal			
2.	Know cost of production by enterprise			
3.	Know breakevens on major revenue sources with operational plan in place to achieve outcomes			
4.	Develop a monthly or quarterly cash flow			
5.	Financial sensitivity & scenario analysis in production, cost, prices, etc.			
6.	Utilize key financial ratios & business metrics in management			
7.	Written marketing plan: commodity and/or value added			
8.	Written risk management plan: insurances, SOPs, compliance, will, estate plan			
9.	Informal or formal advisory team that meets periodically			
10.	Development of a transition management plan			
11.	Separate family living budget with investment plan or compensation plan			
12.	Deliberate educational plan for owners, management & employees			

R.E.M. Gameplan Key		
Score	Color	Mindset Level
31-36	Super Green	Mindset Master
26-30	Green	Advanced
20-25	Orange	Above Average
15-19	Yellow	Below Average
0-15	Red	Need Focus & Mentoring

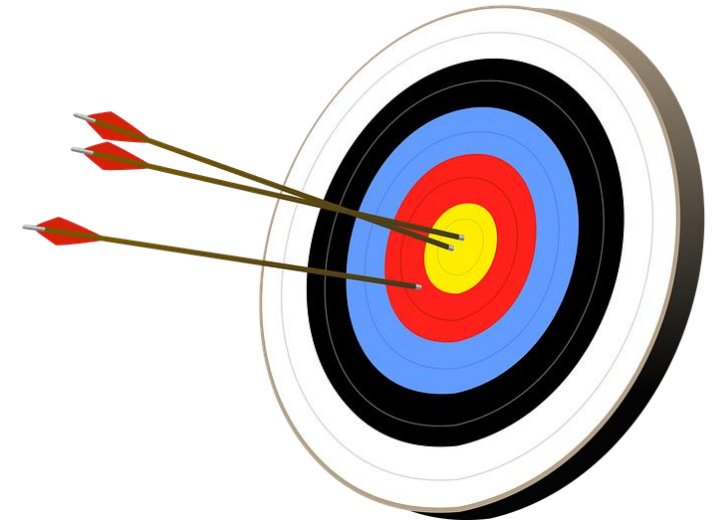
Total # of Check Marks			
Your Overall Score			

2025 Version - Developed by: Dr. David M. Kohl, Professor Emeritus,
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Goal Setting

- 80-16-4 Rule
- Six degrees of goal setting
- Short term- 1 year or less
- Long term- 3-5 years
- Goals should be S.M.A.R.T.
- Business, family & personal
- Mental, physical & spiritual
- 20% of top producers have written goals
- Developing written goals: earn 4 times as much in lifetime

GOAL SETTING



“Goals provide focus in a cluttered world.”

Profitability

- 60-30-10 profit plan
- Term debt to EBITDA
 - <3:1 **Green** (moderate agility/resiliency)
 - 3:1 to 6:1 **Yellow** (some resiliency, little agility)
 - >6:1 **Red** (low agility/resiliency)
- Earns & turns
 - $\text{Margin} \times \text{capital turnover} = \text{ROA}$

“Profit is the oxygen of the business.”



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Working Capital by the Numbers

- Working capital to expenses
- >25% green light
- 10-25% yellow light
- <10% red light

“44/11: where do you stand?”





Q&A with Dr. Kohl

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Online Articles:



- Farm Progress Weekly Article:
<https://www.farmprogress.com/author/david-kohl>
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