

Introduction
Strategic
Tactical
Operational
Ag Risks
Do It Yourself

NEW THINKING NEEDED



Risk Navigator SRM



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Strategic Thinking Involves

Studying the environment through an intuitive, visual and creative process, which results in an understanding of the emerging themes, issues, patterns and opportunities.



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“The best way to predict the future is to create it.”

Peter Drucker



The illustration shows a stick figure standing next to an easel. On the easel is a large, empty rectangular frame. The figure is holding a paintbrush, as if about to start painting. On the floor in front of the easel are five small pieces of paper, each with a number written on it: 1, 2, 3, 4, and 5. This visual metaphor suggests that the future is not something to be passively observed but something to be actively created through a series of steps or decisions.



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What is RISK?

RISK: The probability of an event occurring that can impact your:

- **Current profit level**
- **Financial situation (equity position)**
- **Satisfaction and well-being**



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Sources of Risk

- **Production-** yield/quality variability
- **Marketing-** changes in price/external conditions
- **Financial-** variability in debt/equity capital and ability to meet cash demands
- **Legal-** responsibilities for contracts, statutory compliance, tort liability, and business structure
- **Human-** managing people and estate transfers





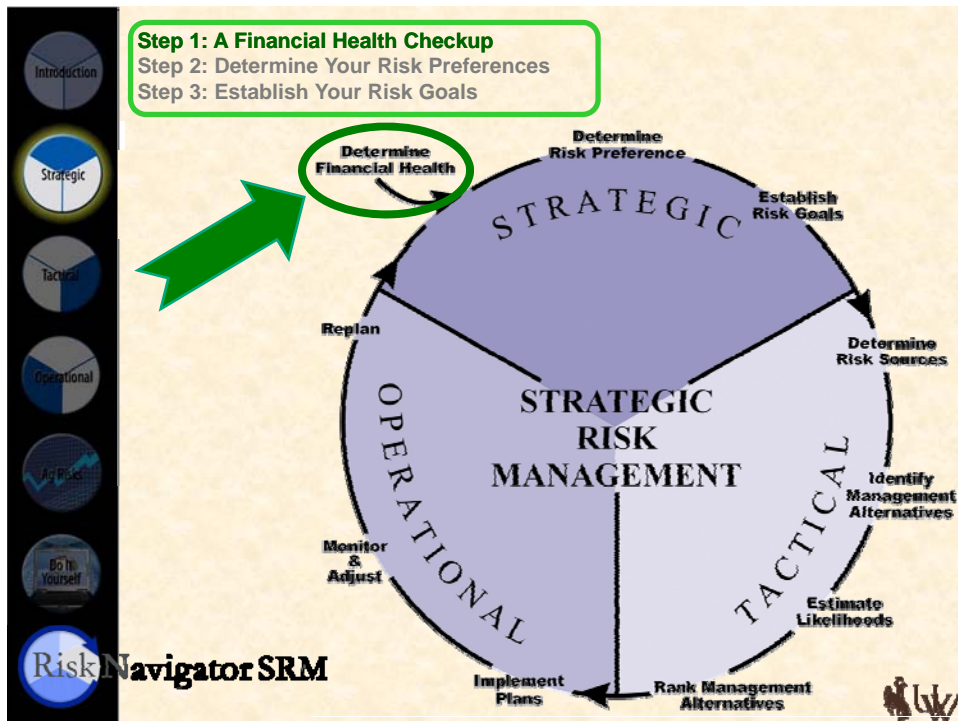
The image shows the cover of the book "Applied Risk Management in Agriculture" edited by Dana L. Hoag. The cover features a dramatic sky with a lightning bolt over a green field. The title is in large, bold letters. Below the title, the editor's name and several authors are listed. To the right of the book is a circular diagram titled "STRATEGIC RISK MANAGEMENT". The diagram is divided into three segments: "STRATEGIC" at the top, "OPERATIONAL" on the left, and "TACTICAL" on the right. Arrows indicate a clockwise flow between these segments. The "STRATEGIC" segment includes the steps "Determine Financial Health" and "Determine Risk Preference". The "OPERATIONAL" segment includes "Establish Risk Goals" and "Identify Management Alternatives". The "TACTICAL" segment includes "Determine Risk Sources" and "Estimate Likelihoods". The "OPERATIONAL" segment also includes "Implement Plans" and "Rank Management Alternatives".

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Strategic Management
“...Choosing where to go...”

The first stage of the process, provides an initial understanding of the health of the financial resource available

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Measures of Financial Health

- **Financial Performance Measures**
 - Liquidity
 - Solvency
 - Profitability
 - Financial Efficiency
 - Repayment Capacity
- **SWEET 16**

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