

Introduction

Strategic

Tactical

Operational

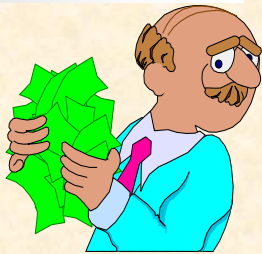
No Risk

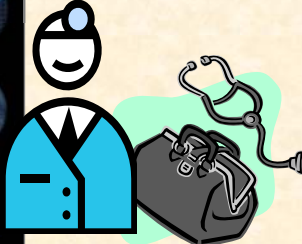

Do It Yourself

Risk

## Sources of Financial Information

- Financial Statements
  - Balance Sheet
  - Statement of Cash Flows
  - Income Statement
  - Statement of Owner Equity



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Risk

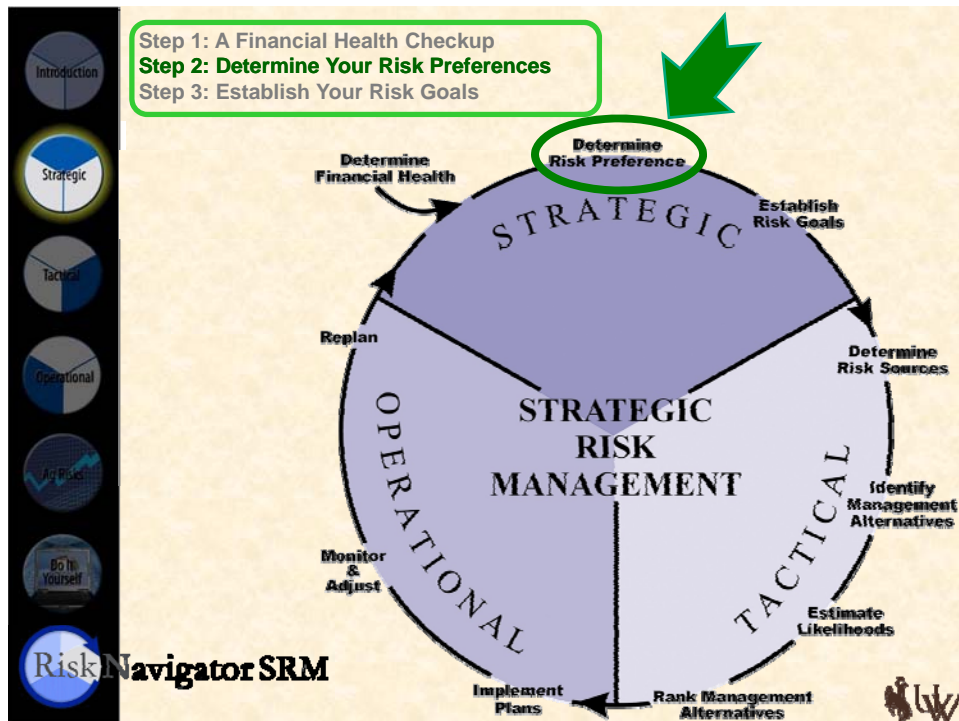
## Resource Inventory

- Land/ Equipment
- Improvements
- Soil, Water, Range
- Livestock
- Finances
- Wildlife
- Human Potential



What do I have to work with here?





## Risk Preference


- Measurable
- Dynamic (changes over time)
- Influenced by a number of factors
  - Financial health/wealth
  - Current risk portfolio
  - Value at risk (consequence)
  - Demographics: gender, age
- Measure CURRENT risk preference

Risk Navigator SRM

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## Risk Trade-offs


- Upside: Greater risk taking leads to greater wealth over time
- Downside: Losses from risk taking can be potentially devastating
- How much inconvenience and stress are you willing to endure?




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## Three Types of Risk Preference

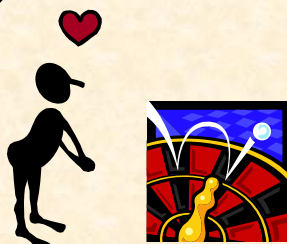
**Risk Averse**




**Risk Neutral**



**Risk Loving**

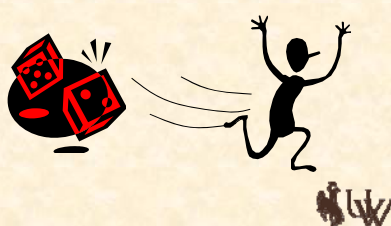




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## Risk Averse

- Prefers investment with lower, but certain, expected payoff
- Compared to an investment with higher, but uncertain, payoff



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## Risk Neutral

- Only cares about the expected payoff of an investment and not the risk that must be taken to achieve the investment goal
- Neither actively takes risks nor pays to avoid them
- Example: Self-insures against loss



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# Risk Loving

Actively engages in risky investments




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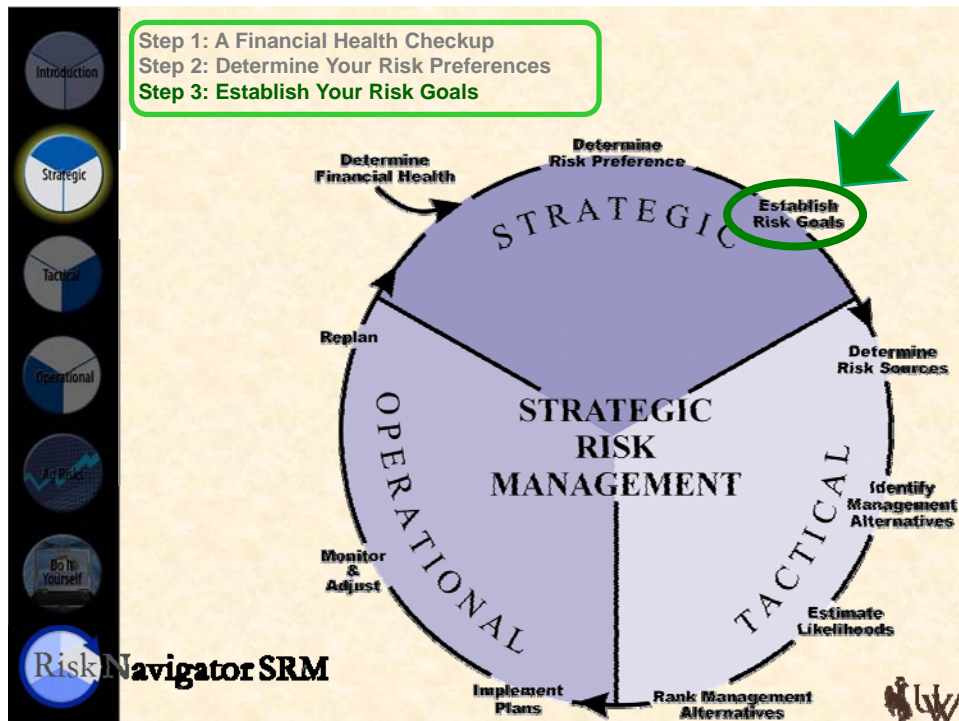
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# Risk Tolerance



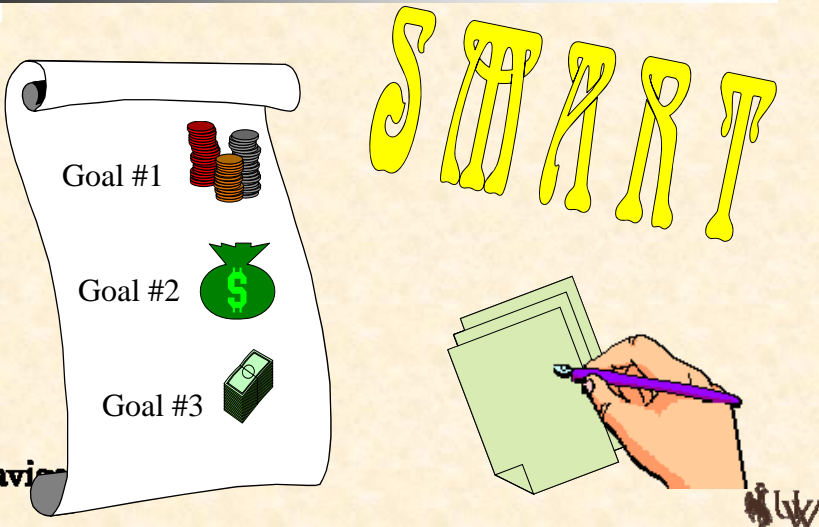
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## Writing Goals




Goal #1 

Goal #2 

Goal #3 

**SMART**

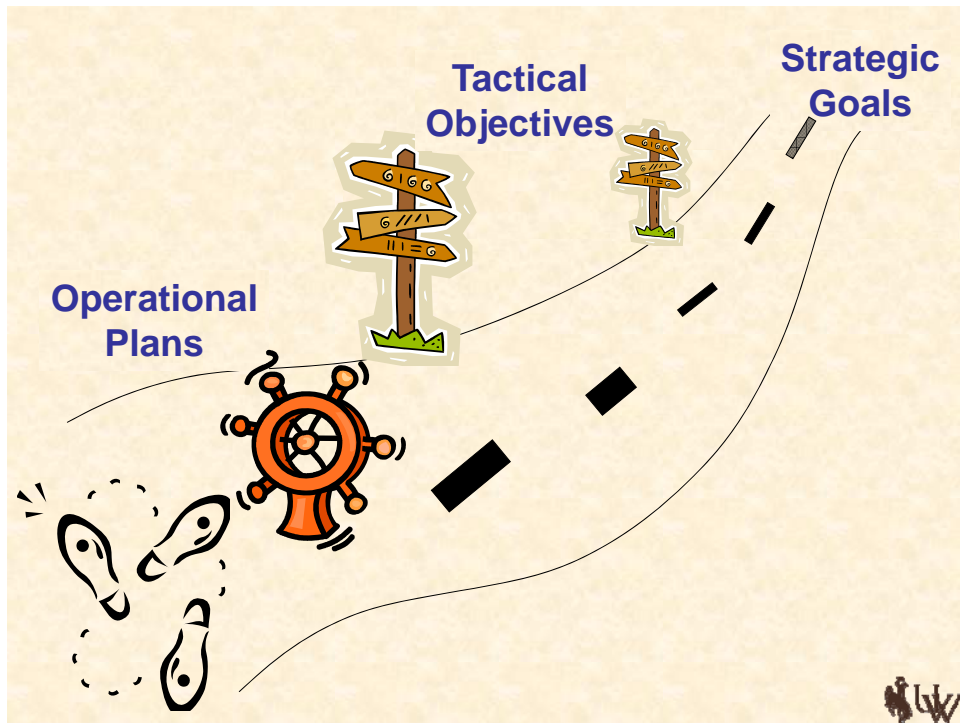
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## Strategic Management

- Looks at the BIG picture
- Tells:
  - Where you are heading
  - What it might look like once you arrive
- Keeps the operation focused
- Allows for proactive management

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**Tactical Management**

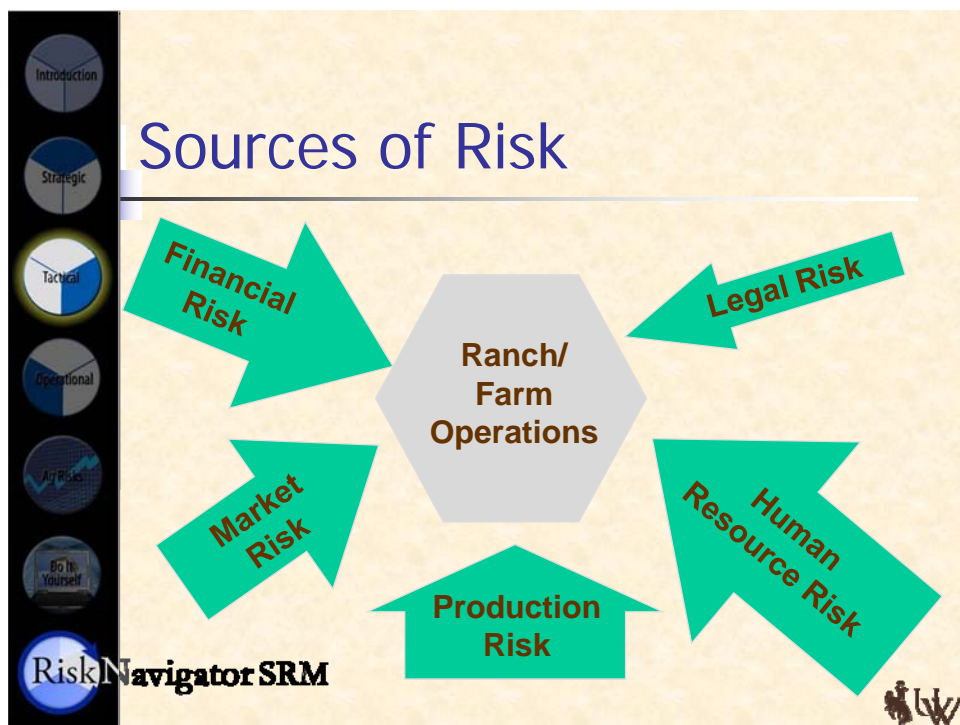
*“...Choosing the right things to do...”*

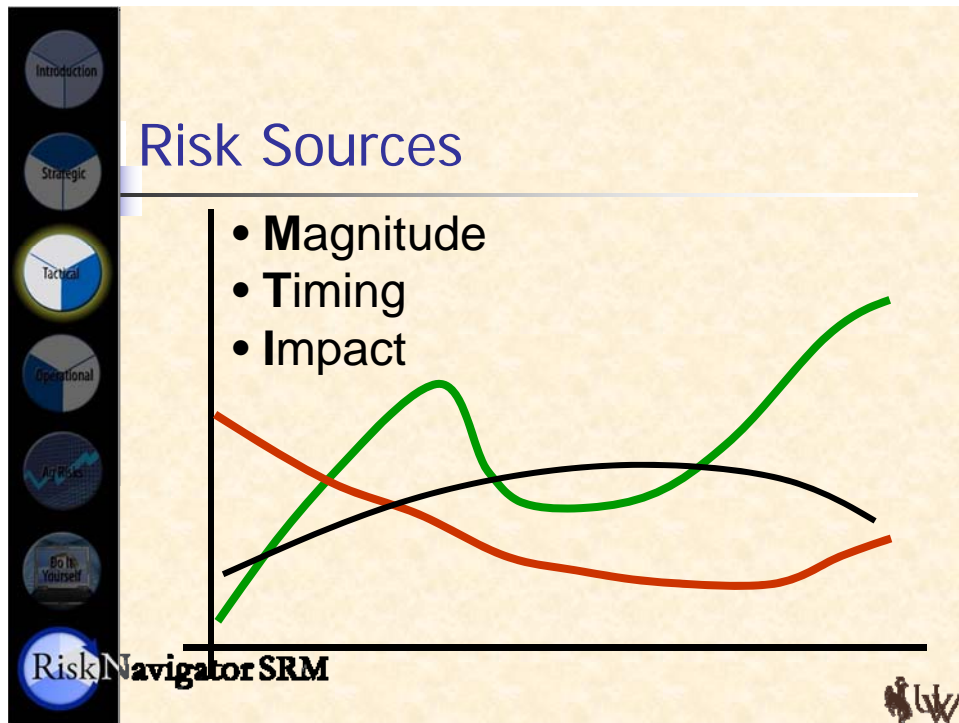
*At the tactical level, we analyze the alternatives for “how” we will get to where we want to go.*

Risk Navigator

The slide features a dark, stormy sky background with a green field at the bottom. On the left side, there is a vertical navigation bar with several circular icons labeled 'Introduction', 'Strategic', 'Tactical', 'Operational', 'Air Power', 'Go It Yourself', and 'Risk Navigator'. The 'Tactical' icon is highlighted with a blue glow. In the bottom right corner, there is a small logo consisting of a stylized figure and the letters 'LW'.







**Identify Management Alternatives**

- Assume the risk
- Avoid the risk
- Reduce the risk
- Transfer the risk

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