



Outside-of-The-Box *Ways to Generate Profitability*

Well into summer of what has continued to be an interesting year to say the least, there continues to be challenges. As we try to start getting an idea of how the crops are going to look as we get closer to fall, there has been a lot of talk all year about industrial hemp. Our old friend, Dr. Dave Kohl, talks about some tips for new and value-added businesses and ag enterprises as people look for outside-of-the-box ways to generate profitability. At the end of the article he mentions industrial hemp as one example that people around the grain belt are exploring. Whatever your endeavor, the tips in the article ring true for any type of business!

Best Regards!



KEITH KNUDSEN
PRESIDENT/CEO
SECURITY BANK



ADVICE FOR STARTING A VALUED-ADDED AG BUSINESS

Before jumping in, be sure to use a SWOT analysis.

<https://www.farmprogress.com/print/383693>



BY **Dr. David Kohl**

Contributing Writer, Corn+Soybean Digest

The value-added entrepreneurial type of business is now en vogue as net income for many commodity producers has fallen to near or below breakeven levels. Coupled with the changes in the consumer marketplace in the U.S. and abroad, many are eager to explore the possibilities of niche markets. What are some of the important steps to consider when starting a value-added business?

First, one must develop an old-fashioned, written business plan. Some are afraid to do this initial step and give away trade secrets. In reality, there are very few trade secrets.

One of the initial aspects of a business plan is to conduct a SWOT analysis to identify the strengths, weaknesses, opportunities and threats of the new



venture. What are the financial strengths and weaknesses? Do you have the capital needed to withstand two to three years of negative profits? Can you design a system to deliver a product or service on a profitable basis? Do you have the land and equipment needed to execute the business plan? Do you have the unique talents and people skills necessary to operate a value-added business? What will be your human resource needs?

Next in the SWOT analysis is to identify your opportunities and threats. What are the

emerging markets? What will be your competitive edge? Who are your competitors and what are their strengths and areas where they are vulnerable?

Never underestimate your threats. Threats can come in a variety of forms such as regulation or a competitor attempting to monopolize the landscape. Some little threats such as required permits and licenses can be pesky roadblocks when executing a business plan.

Once you have completed your business plan, have a team of advisors review the plan for their input and ideas. Having another set of eyes reviewing your business plan is critical to achieving the maximum results. During the review process, I recommend vetting your value-added enterprise using a format like Shark Tank, a popular business show on CNBC.



Many entrepreneurs are skeptical of the time and effort needed to complete a business plan. Yes, there are many business owners with successful businesses that “shoot from the hip” or use their gut instinct. However, executing on a well-thought-out business plan can go a long way to ensure success. It is my opinion that the value-added markets will double from 2020 to 2030 as a result of thinking outside the box during the agriculture economic reset.

P.S. If I had a dollar for each person that has expressed an interest in growing hemp, I would be a millionaire. A strong business plan with many alternatives is a must, particularly if you are interested in growing hemp.

QUESTIONS? Our lenders are here for you!

Laurel 402.256.3247 **Osmond** 402.748.3321 **Allen** 402.635.2424 **Hartington** 402.254.2455 **Coleridge** 402.283.4251