



Section 2.10

Monitoring Your Business

& Re-planning



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Section Summary



- 1. Planning**
- 2. Monitoring**
- 3. Controlling**
- 4. Re-planning**



Why Monitor Your Business?



- Your business is constantly changing:
 - ▶ Internally (goals, personnel or practices may change)
 - ▶ Externally (consumer tastes & marketing trends; prices of inputs & substitute products)
- Your plan must be reviewed & modified accordingly
- By evaluating the results of your activities & goals, you will receive market-based feedback and gain experience & insights




Before You Start...



- In order to monitor your business, you need:
 - ▶ a timetable to indicate whether implementation is on schedule (weekly at first, less frequently later)
 - ▶ good records to monitor the impact of your plan & make adjustments (an early warning system)
 - ▶ a plan to monitor external events & trends that represent both opportunities & threats



1. Plan

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- Establish measurable indicators that reflect business goals
 - Indicators help detect when something isn't right
 - ◆ Efficiency of animal gain
 - ◆ Efficiency of processing transformation
 - ◆ Inventory and accounts management
 - ◆ Customer satisfaction (surveys, return %)
 - ◆ Food quality-taste, tenderness, grade
 - ◆ Sales
 - ◆ Finances (profitability, debt, performance)



2. Monitor



- Look for deviations from the plan based on indicators
- Remember: no one indicator tells the whole story
- Evaluate the source of any criticisms: reliable source or back-stabber?
 - ▶ It's a cut-throat business—don't take anything at face value
 - ▶ Face real criticisms; try to solve problems that you determine are credible




Example: Yampa Valley Beef



- Food quality monitoring:
 - ▶ Midway through winter, Ski Corp. (primary customer) reported that hamburger tasted bad
 - ▶ Needed to determine if internal or external problem
 - ▶ Causes:
 - ◆ Boxes were stacked too high; did not allow for proper cooling & freezing
 - ◆ Some restaurants weren't keeping ground beef cold enough and handling properly



3. Control

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- Make changes based on evaluation of indicators; guide changes toward your overall goal (and begin considering goal revision)
 - Use constructive problem-solving methods
 - Focus on actual problem without making it a personal issue
 - Manage growth and change: Can you afford to make changes and adapt to the environment?



Example: Yampa Valley Beef



- Food quality control:
 - ▶ Adapted stacking and boxes—put holes in the boxes, shorter stacks
 - ▶ Made sure inventory was rotated regularly
 - ▶ Educated consumer (restaurant) about proper product storage
 - ▶ Used refrigerated transportation
 - ▶ Note: Even if external problem, make some internal changes to show customers your responsiveness



Example: Future Beef



- Inflexibility in customer base & structure:
 - ▶ Safeway was primary customer
 - ▶ Huge dependence on one customer=huge risk
 - ▶ Market crash
 - ▶ Began at large scale with very expensive equipment; too vulnerable to market fluctuations. High overhead pressures may pressure you to grow too fast
- Adaptability: key to keeping a business alive
- Need for re-planning after market crash



4. Re-Plan



- Update your business plan regularly
- Examine potential threats and opportunities for your business and adapt plan accordingly
- Are your assumptions still valid?
- What are the business' strengths & weaknesses? Have they changed since the business' inception & original plan?
- Can you measure progress according to original standards if your goals change?



4. Re-Plan



- Does your business plan accurately reflect your business today?
- What resources does the business require to achieve its goals?
- Are your customers' needs being effectively & uniquely served?
- Can your business operate more efficiently than it is currently? (I.e., using fewer resources, having some activity serve more than one purpose...)



Example: Yampa Valley Beef



- Re-plan based on new information: Adapt and incorporate procedures for food quality & customer satisfaction monitoring & control:
 - ▶ Inventory management
 - ◆ Serves financial & customer satisfaction goals
 - ▶ Customer education
 - ◆ Serves marketing & food quality goals
 - ▶ Refrigerated transportation
 - ◆ Serves food quality goals, but increases overhead so more pressure to grow sales (and influences that goal)