Section 2.10
Monitoring Your Business & Re-planning

Robbie LeValley & CJ Mucklow
Colorado State University – Cooperative Extension
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

Source: Holly Born. 2001. Keys to Success in Value-Added Agriculture, ATTRA.
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

- 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

- 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)