



K • C O E
I S O M

Farmers of the Future

FBS User Conference 2017

Discussion for Today

- What Will the Future Look Like?
- Anticipatory Thinking
- Traits of Our Best Clients
- Where Do YOU Stand??





History of KCoe Isom

Formed in Dust Bowl era by Jack Kennedy and C.L. “Cotton” Coe

January 2015 merger of **Kennedy & Coe** with CA firm **Matson & Isom**



Today we are a Top 100 Accounting Firm

- 18 offices coast to coast
- 85% of Business is Ag
- Crop producers, feedlots, ethanol plants, dairies
- Agribusiness, equipment dealers, breweries



K·Coe Isom “Non-Traditional” Services

AgKnowledge

Gain insights into your farm financials from boots-on-the-ground business advisors for better decisions and results.

[Learn More](#)

CFlexO

Access customized CFO-level advice, controller-level analytics, and daily bookkeeping services when you need it.

[Learn More](#)

K·Coe Conservation

Access new streams of income by creating or restoring natural habitat.

[Learn More](#)

Farm Program Services

Get sound advice on eligibility requirements, base and yield analyses or projections, and FSA challenges.

[Learn More](#)

Federal Affairs

Why wait for things to happen to you when you can make things happen for you? Fight problem legislation and affect future policy.

[Learn More](#)

Next Gen

Experience business and family transitions without unnecessary emotional strain, complications, or tax consequences.

[Learn More](#)

ResourceMAX™

Create, measure, and communicate your unique sustainability program, reducing overall costs and maximizing market potential.

[Learn More](#)

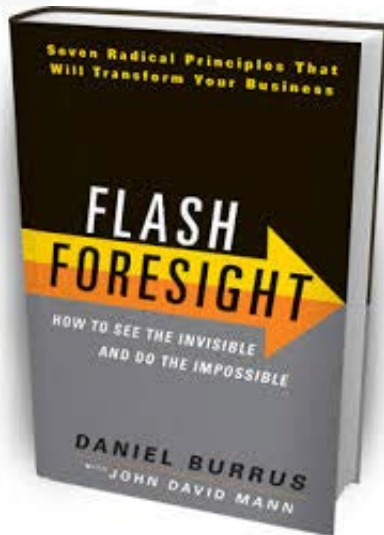
Sustainability

Secure long-term supply chain reliability, operational resilience, and monetary value from your sustainability practices.

[Learn More](#)

What Will the Future Look Like?

7 Principles of Flash Foresight



1. Start with Certainty – HARD TRENDS
2. Anticipate
3. Transform
4. Take Your Biggest Problem – Skip IT
5. Go Opposite
6. Redefine and Reinvent
7. Direct Your Future



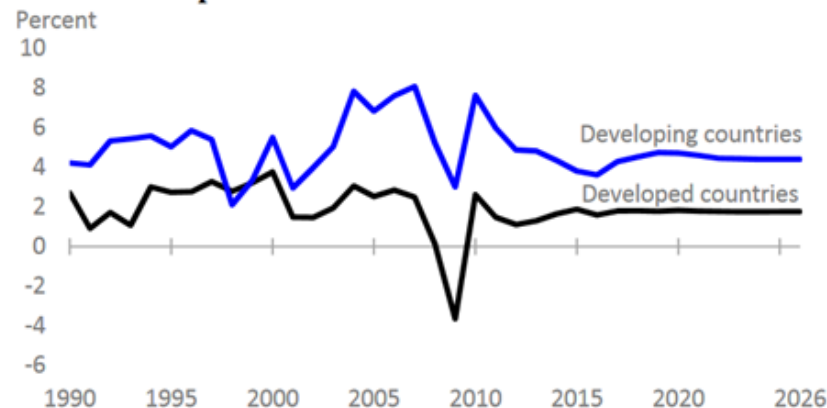
HARD TREND: Aging Farmers

- Average age of American farmer is 58...and aging
- Estimated that 70% of U.S. Farmland will change hands in the next 20 years
- Most family operations do not have a next generation skilled in or willing to continue farming



HARD TREND: GDP Growth = Food

Real gross domestic product (GDP) growth: Developing countries are projected to grow at more than double the rate of developed countries



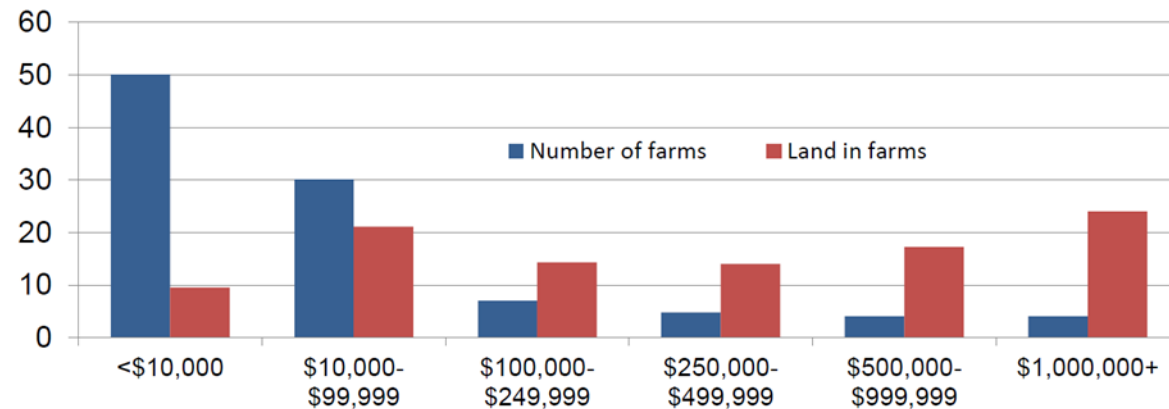
Economic growth in developing countries is projected to average 4.5 percent annually during the projection period. While this represents a slowdown compared to recent history, it remains more than twice the projected growth rate of developed countries. The strongest developing country growth is projected among Asian countries at 5.7 percent, followed by African countries at 3.7 percent and Latin American countries at 2.7 percent. The region encompassing the FSU is forecast to grow the slowest at an average of 2.0 percent.



HARD TREND: Farms Grow or Shrink

Farms and Land in Farms by Economic Sales Class – United States: 2016

Percent of total



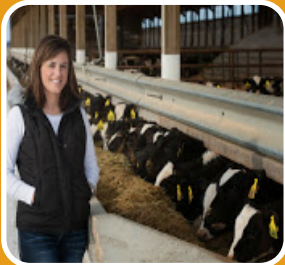
HARD TREND: Increased Technology



HARD TREND: More Women in Ag



Women make up 31%
of all farmers - 969,000



Women run 14% of
U.S. farms



Women own 30% of
farmland



HARD TREND: Millennial Consumer



**THEY PREFER WHOLE FOODS OVER
PROCESSED FOODS. THEY WILL SPEND
MORE ON ETHICALLY SOURCED MEATS
& FARM-TO-TABLE EXPERIENCES.**



it's not just about nutrition.
**MILLENNIALS VIEW FOOD AS
ENTERTAINMENT & SELF-EXPRESSION.**

Source: Splendid
Communications



How Millennials Impacting Our Clients

- “The millennials have changed our market: they don’t like canned foods and now canned good sales have been dropping. Processing plants are closed. We can’t compete in fresh produce market”
- “Most of our history of our farm has been reactive....How can we be proactive?”
- “I’m making very important decisions, I need someone to help me with my blind spots. I can do that internally, but need fresh eyes. What am I missing on major decisions?”

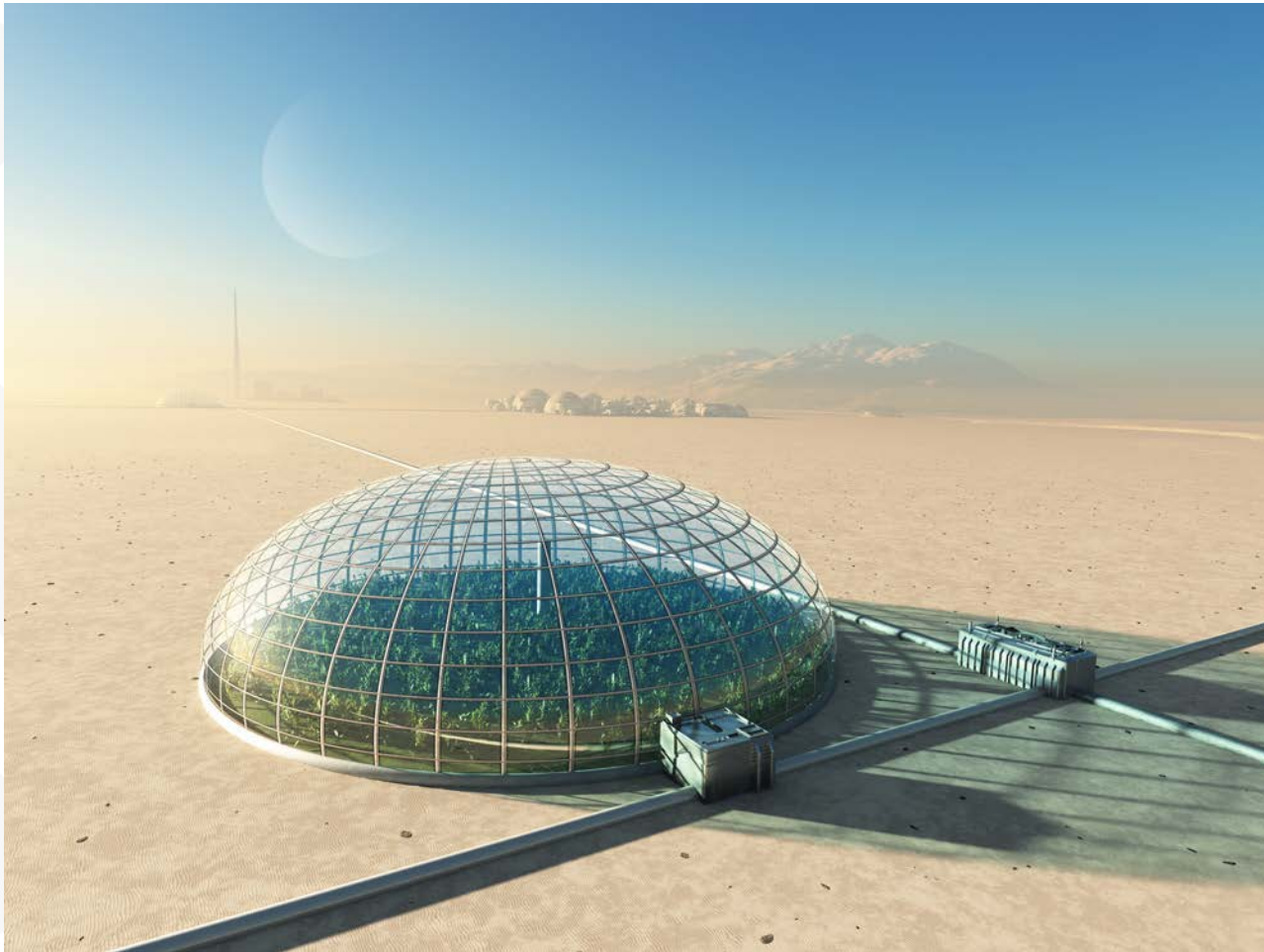
What Can We Anticipate?













The Future of the Future Farmers of America

With more than 650,000 members, FFA is teaching a new generation dedicated to feeding the world's growing population.

Students carry freshly picked crops on site at Chicago High School for Agricultural Sciences. (Photo: Scott Thompson)



So...NOW What?



“What if we don’t change at all ...
and something magical just happens?”



Prepare Our Farm Clients



Overall, K-Coe Isom clients are positive with their position in the ag industry, but are going through “growing pains”.

- They want MORE support during tough economic times.
- They want a “partner” with them through thick and thin.
- They want suppliers to “have their back.”
- They want a service “EXPERIENCE” with high quality.



Traits of High Performing Clients

12% of farms account for 84% value of production. Farms with sales over \$1 million per year have more than tripled

NEW, complex ag requires:

- higher levels of analysis
- sophisticated farm business management
- financial services that create value for entire operation



Trait 1: Leave Their Comfort Zone



Trait 2: Not Afraid of Technology

- Realize they have MORE knowledge and tools at their disposal than their grandfathers did in nearly 70 years of farming
- Hire Chief Technology Officers
- Share technology experts
- Spend the money to learn about technology and keep up to date – or designate those on the farm to learn
- The Internet of Things



Trait 3: Relationship With Key Partners



Trait 4: Consistent Biz Planning



10 Most Common “Excuses”

1. There aren't enough hours in the day
2. Too much time “putting out fires”
3. Don't know what others are doing
4. Don't know where the operation is headed
5. Not enough good managers
6. “I have to do it if it is to be done right”
7. Meetings are a waste of time
8. Very little follow up on plans so things don't get done
9. My dad didn't do it this way!
10. Sales are growing, why bother?



Trait 4: Succession and Estate Plan



Estate **PLANNING GOALS**

- Reduce estate tax exposure
- Leverage gift tax exemption
- Keep land or other assets together for multiple generations
- Income tax planning
- Charitable planning
- Asset Protection



Trait 5: Think Like a CEO

Key Result Area	Professional Management	Entrepreneurship
Profit	Profit orientation; profit as an explicit goal	Profit as a by-product
Planning	Formal systematic planning: <ul style="list-style-type: none"> • Strategic Planning • Operational Planning • Contingency Planning 	Informal, ad hoc planning
Organization	Formal, explicit role descriptions that are mutually exclusive and exhaustive	Informal structure with overlapping and undefined responsibilities
Control	Formal, planned system of organizational control, including explicit objectives, targets, measures, evaluations, and awards	Partial, ad hoc control, seldom with formal measurement
Management Development	Planned Mgmt. Development: <ul style="list-style-type: none"> • Identification of requirements • Design of Programs 	Ad hoc development, principally through on-the-job training

Contd...

Key Result Area	Professional Management	Entrepreneurship
Budgeting	Management by standards and variances	Budget not explicit; no follow-up on variances
Innovation	Orientation to incremental innovations; willingness to take calculated risks	Orientation toward major innovations; willingness to take major risks
Leadership	Consultative or Participative Styles	Styles varying from very directive to laissez-faire
Culture	Well-defined	Loosely defined, “family”- oriented culutre



CEO Time Management Tips

- **Stay within the maximum acceptable bounds of time management.** For a manager, that means 300, 10-hour days a year in the business and 50, 10-hour days outside the business in family, church, school and industry activities. Exceed these limits and in the long run it will lead to burnout.
- **Follow the 80:20 Rule.** Eighty percent of your results come from 20 percent of what you do. It's that way on almost everything.
 - Do first things first. So many people never reach their long-term goals because they spend too much of their time doing second things first.
 - Delegate or hire it done. You can't do it all. Outsource it. Join in with others to do it.



Trait 6: Develop Others



- They regularly take other managers with them when meeting with suppliers, prospective partners or landlords.
- They treat requests for assistance as teaching opportunities.
- They take time to show they care about the career goals of others in the farm operation.



Where Do You Stand?



What is your age?

0

31-40

41-50

51-60

61-70

71+

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at Pollev.com/app

Do you leave your comfort zone as a business owner?

Yes

No

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at PolleEv.com/app


Do you project your cost of production annually?

Yes


No

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at Pollev.com/app



Technology do you have on your farm? (can pick more than one)



Drone

Accounting Software

Variable Rate Technology

Robots

Soil Sensors

Weather Station

Other

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at PollEv.com/app



Do you have a consistent marketing plan?



Yes

No



Start the presentation to activate live content



If you see this message in presentation mode, install the add-in or get help at PolleEv.com/app

Meet with your banker and landlords more than
per year?

Yes

No

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at PollEv.com/app



Do you have an Estate Plan started?



Yes

No



Start the presentation to activate live content



If you see this message in presentation mode, install the add-in or get help at Pollev.com/app



Do you have a Succession Plan started?



Yes

No



Start the presentation to activate live content



If you see this message in presentation mode, install the add-in or get help at Pollev.com/app

Do you spend time working on the CULTURE of your business?

Yes

No

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at PollEv.com/app

Are you practicing CEO time management skills?

Yes

No

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at Pollev.com/app

Actively develop the skills of others within your
operation?

Yes

No

Start the presentation to activate live content

If you see this message in presentation mode, install the add-in or get help at PollEv.com/app



“You can have everything you want in life, if you will just help enough other people get what they want.” – Zig Ziglar





WHEN I WAS A LITTLE GIRL,
THEY SAID A WOMAN'S PLACE WAS IN THE KITCHEN.

So when I grew up, I decided
I'D HELP FEED THE WORLD.

K-Coe Isom. The nation's finest food and ag consulting and CPA firm.
Helping farmers like you increase working capital, expand wisely, and
negotiate powerfully in all kinds of conditions.

kcoe.com

THANK YOU!

Email:

jeanne.bernick@kcoe.com

Blogs:

www.bootsandbiz.com

www.kcoe.com/agforward

Twitter:

@AgBizChamp

