

DO'S AND DON'TS

WHEN FACING FINANCIAL DIFFICULTY

DO'S

- (1) COMPLETE A PRODUCTION AND FINANCIAL MANAGEMENT ANALYSIS OF YOUR BUSINESS FOR 2008. DETERMINE STRENGTHS, BUT MOST IMPORTANTLY, AREAS FOR IMPROVEMENT WITH IMMEDIATE RESPONSE AND IMPROVEMENT IN CASH FLOW.**
- (2) COMPLETE A PROFITABILITY AND CASH FLOW PROJECTION/PARTIAL BUDGET OF THE EXPECTED IMPACTS OF ANY CHANGES MADE TO IMPROVE THE BUSINESS.**
- (3) MEET WITH YOUR LENDER AND SHARE YOUR FINANCIAL MANAGEMENT ANALYSIS AND CASH FLOW PROJECTIONS. COMMUNICATE WITH YOUR LENDER OFTEN AND PROVIDE PERIODIC UPDATES REGARDING YOUR FINANCIAL SITUATION.**
- (4) CASH FLOW MANAGEMENT IS THE KEY TO SURVIVING DIFFICULT ECONOMIC TIMES. CONTINUALLY REVIEW AND UPDATE CASH PROJECTIONS AND PARTIAL BUDGETS.**
- (5) MEET WITH SUPPLIERS TO DEVELOP PAYMENT ARRANGEMENTS.**
- (6) EFFECTIVELY UTILIZE FARM PRODUCED FEEDS, ESPECIALLY FORAGES.**
- (7) FEED BALANCED RATIONS, ESPECIALLY TO EARLY LACTATION COWS.**
- (8) TREAT DISEASE OUTBREAKS, SUCH AS MASTITIS, BEFORE THEY BECOME WORSE.**
- (9) BE AN ASTUTE PURCHASER OF INPUTS.**
- (10) EXAMINE FAMILY LIVING TO SEE IF EXPENSES CAN BE REDUCED.**
- (11) MAINTAIN A LOW INVENTORY; CULL UNPROFITABLE COWS, BUY FEED AS NEEDED.**
- (12) SELL NONESSENTIAL CAPITAL ITEMS, INCLUDING MACHINERY AND EQUIPMENT THAT IS NOT NEEDED TO OPERATE THE BUSINESS. ALSO CONSIDER SELLING LAND NOT ESSENTIAL TO THE BUSINESS, INCLUDING POSSIBLE TIMBER SALES. REMEMBER TO CONSULT YOUR TAX PREPARER CONCERNING TAX LIABILITIES OF A SALE.**
- (13) EXAMINE DEBT FOR POSSIBLE BENEFITS OF RESTRUCTURING, OR ALTERNATIVE FINANCING.**
- (14) PERFORM TASKS IN A TIMELY FASHION, YET GET ENOUGH REST. SLEEP DEPRIVATION CAN INTERFERE WITH PERFORMING TASK AND JUDGEMENT.**
- (15) CONSIDER OFF-FARM WORK BY ALL FAMILY MEMBERS.**

(16) COMMUNICATE CURRENT FINANCIAL SITUATION OFTEN WITH MANAGEMENT TEAM/FAMILY MEMBERS. SEEK AND WELCOME THEIR SUGGESTIONS AND INVOLVE THEM IN KEY FINANCIAL DECISIONS.

(17) ADOPT NEW TECHNOLOGIES ONLY AFTER CAREFUL STUDY.

(18) MONITOR THE FINANCIAL HEALTH OF THOSE WHO PURCHASE YOUR FARM PRODUCTS. THEY ARE ALSO UNDER SEVERE FINANCIAL PRESSURE IN THIS ECONOMIC PERIOD.

(19) SEEK MANAGEMENT ADVICE AND ANALYSIS ASSISTANCE EARLY FROM COOPERATIVE EXTENSION, CONSULTANTS, FARMNET, AND OTHERS.

(20) SEEK PERSONAL COUNSELING AND ADVICE FROM CLOSE FRIENDS, CLERGY, FARMNET AND OTHERS.

DON'TS

- (1) MAKE DECISIONS THAT WILL MAKE THE PROBLEM WORSE IN A WEEK, MONTH OR SIX MONTHS DOWN THE ROAD.**
- (2) CONTINUE THE SAME PRACTICES BECAUSE I'VE ALWAYS DONE IT THAT WAY.**
- (3) NEGLECT NEEDED ACCOUNTING TASKS BECAUSE THERE ISN'T TIME RIGHT NOW.**
- (4) USE FARM PRODUCED FEEDS SO RAPIDLY THAT THEY ARE USED UP WITHOUT A REPLACEMENT PLAN.**
- (5) REDUCE PURCHASED FEED JUST TO SAVE MONEY.**
- (6) PURCHASE PRODUCTS THAT PROMISE TO BE A CURE-ALL, UNLESS YOU HAVE HARD DATA AND EXPERIENCES OF OTHERS TO CONFIRM.**
- (7) MAKE CAPITAL INVESTMENTS TO REDUCE TAX LIABILITY OR BECAUSE "IT IS A GOOD BUY".**
- (8) BORROW MONEY UNLESS THE PROFITABILITY OF THE FARM IS REASONABLY EXPECTED TO INCREASE IN ORDER TO PROVIDE FOR REPAYMENT.**
- (9) NEGLECT THE DETAILS; CLEANING AND MAINTAINING EQUIPMENT, COMMUNICATING WITH AND MANAGING LABOR, DETECTING HEATS, ETC.**
- (10) USE ALCOHOL TO EXCESS. ALCOHOL AND OTHER DRUGS CAN MAKE A TOUGH SITUATION SEEM WORSE.**

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