

RIGHTRISK™

RIGHTRISK NEWS

Which Risk is Most Important to Manage This Year?

DATES TO REMEMBER

NAP Coverage
(Spring-planted crops)
- county specific deadlines

Spring crop acreage reporting deadline
- July 15

Margin Protection Program Dairy (MPP-D)
- 2018 crop year
July 1 - Sept. 30th, 2017

Forage Insurance
- September 30th

RI-PRF Coverage
November 15th, 2017 for
2018 crop year coverage

For more information see:
<http://www.rma.usda.gov>
<http://www.fsa.usda.gov>

We live in an age where there is a lot going on. One can argue that a lot has *always* been going on but people and access to information have changed. We tend to stretch ourselves too thin and we are now bombarded with information on a continual basis. More than ever, it is important for farm and ranch managers to be good at prioritizing their time. Risk management is one of those important areas where this can really pay off over the long haul.

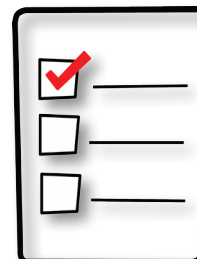
In last month's *RightRisk News*, we discussed five basic strategies for managing and controlling risk in the context of managing market risk. But, how do you decide which risks are most important for you to manage? How do you prioritize your time and work on those risks most important to your operation?

How do you decide which risks are most important for you to manage?

One of the critical things you can do as a manager is develop a hierarchy of objectives. Start with a list of the things you want to accomplish. As the list grows to double digits, you will find yourself writing down things that are connected and feed into items already on your list. For example, you may write down that you want to increase profits from the farm and, subsequently, write down a desire to reduce the cost of production for a particular crop. Decreasing cost of production is connected to, and feeds directly into, increasing profits. We call objectives like decreasing cost of production "means objectives" because they feed into and help us accomplish our "fundamental objectives" like increasing profits.

Most farmers and ranchers have 3 – 5 fundamental objectives and a whole bunch of means objectives that feed into fundamental objectives and other means objectives. An objectives hierarchy is just a sketch of what this looks like for your operation.

Once you have several objectives identified some of the uncertainties to accomplish them. Which of the highest impact (positive or negative) on your ability to accomplish your objectives? This is the essence of



ties on paper, stop and ties that affect your ability these uncertainties have negative) on your ability to What can you do about risk management.

There's a concept in business introduced by Stephen Covey (*The Seven Habits of Highly Effective People*, 1989) whereby the most highly effective people manage their time such that they focus on activities that are highly important but not urgent. Urgent and important activities obviously also warrant some time but, if you focus all of your time there, you'll miss opportunities to accomplish the most important things on your list. These concepts can be adapted to risk management on your farm or ranch.

How Much Risk is Right for You?



HIGHLIGHTED TOOL

The Risk Navigator - *Time Management Worksheet* offers a method to assess how you and the members of your management team can best spend your time and which activities should be emphasized in order to accomplish your most important work.

Effective time management is a life-long skill. The Time Management Worksheet tool helps to identify activities focused on accomplishing strategic goals and objectives. Where possible, you should shift your attention away from activities that are un-important, but seem urgent, toward activities that are not urgent but very important for long term success.

To access the *Time Management Worksheet* see: <http://RightRisk.org> > Products > Risk Navigator > Toolbox > Time Management Worksheet



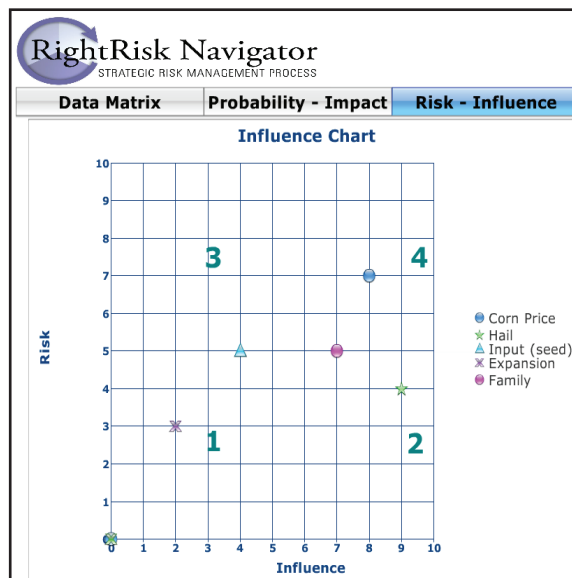
WHICH RISK IS MOST IMPORTANT CONTINUED FROM PG. 1

The Risk Navigator - Risk Influence Calculator was designed to help you do this with your objectives in mind (<http://www.risknavigator.com/toolbox/RiskInfluenceCalculator>). It provides a visual map of those risks that pose the biggest threat to your operation. It then combines this risk threat assessment information with user-provided influence data to generate a risk influence chart. The resulting chart provides a visual map to help you better understand and prioritize the risks to address in your operation.

A pre-populated version of the Risk Influence Calculator is available with sample data from a case farm called EWS Farms. This could help get you started identifying and prioritizing the risks most important for you to manage on your operation this year.

For example, suppose you decide that decreasing your cost of production for corn is an important objective and yield uncertainty has the highest impact on your ability to do so this year. What factors most affect corn yield uncertainty? What can you do to control them? Be broad in your thinking. You may be surprised at some of the factors that come to mind. Is there an irrigation water issue to be concerned about? Or, is applying pesticides at the right time a concern? There may be some things you can do now that are inexpensive but very effective in mitigating these risks.

Let your objectives be your guide and use the Risk Influence Calculator to help prioritize risks for your operation based on the impact and the options available to manage them. What risk is most important for you to manage on your operation this year?



RIGHT RISK™

- Education
- Coaching
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*How much risk
is right for you and your operation?*

*RightRisk helps decision-makers
discover innovative and effective
risk management solutions.*

RightRisk News is brought to you by the RightRisk Team

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