



Enterprising Rural Families™

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

TOP ESTATE PLANNING GOOF-UPS

1. Not funding your living trust.
2. Too much joint-tenancy-with-right-of-survivorship property.
3. Leaving too many assets to a surviving spouse.
4. Not equalizing assets through gifts between spouses.
5. Not having a will.
6. Improper ownership of life insurance.
7. Being a donor & custodian to a Uniform Gift to Minors Act (UGTM) or Uniform Transfer to Minors Act (UTMA) account.
8. Not knowing where all the "stuff" is.
9. Naming the wrong executor.
10. Not periodically updating an estate plan.

(Source: *Management Musings*)

An Online Newsletter February, 2007 Volume III, Issue 2

Setting Tactical Objectives and Operational Plans for the Family Business

In a previous edition of the newsletter, we looked at setting strategic goals. Goals form the very 'heart' of the management process. They describe the direction and timing of effort needed, as well as who will be involved. In this edition, we will consider the next step of setting tactical objectives and operational plans.

Tactical Objectives

Tactical objectives provide the framework for achieving the strategic goals. They identify a sequence of events or accomplishments required on the way to reaching longer term strategic goals. Tactical objectives generally describe "how" the strategic goals will be achieved and the order in which those events need to occur. They help to outline what needs to be accomplished in the near term, as well into the future, usually the period 3-10 years from today.

Often tactical goals will include a description of how the performance of one resource or another must improve to allow a strategic goal to be achieved. As such, properly comprised tactical goals also include benchmarks or target levels of performance. These benchmarks provide intermediate levels of resource performance that allow the manager to measure improvement in a resource and movement toward strategic goals.

Tactical objectives:

- Relate directly to one or more strategic goals and the mission statement
- Are clear, concise and understandable
- Are stated in terms of results or outcomes
- Specify a date for accomplishment
- Address no more than one major outcome per objective
- Begins with "to" and an action verb (to reduce, to increase, to replace)

Tactical objectives for K-bar-Y ranch:

Strategic goal: Market recreational experiences by utilizing the ranch resources and ambiance.

Supporting Tactical Objectives-

Tactical Objectives 1-1: To market the blue-ribbon trout fishing opportunities of the ranch, available within 5 miles of the main highway through advertisements in select fishing magazines, grossing at least \$20,000/year over the next 15 years.

Tactical Objectives 1-2: To market the bird-viewing opportunities of ranch riparian areas and high-quality, overnight accommodations to members of exclusive birding clubs from the greater Chicago area, providing gross returns of at least \$50,000/year over the next 10 years.

Tactical Objectives 1-3: To exploit the big-game hunting opportunities of the more remote portions of the ranch beginning next hunting season, returning net earnings of \$20,000/year over the next 10 years.



Operational Plans

Operational plans are concerned with describing the specific steps and timetable required for accomplishing the tactical objectives. Operational planning deals with the “how” and “when” of the process. Sometimes this phase is called “action planning,” “programming,” or “implementation.” Whatever the term, it refers to the delineation of activities that must be accomplished in order to achieve the tactical objectives and the timing of these activities over the coming year. Operational plans often include a listing of the action steps, a timeline for completion, who is responsible for completion of each step and some indicator to show the step has been completed.

Effective operational planning involves developing responses to these important questions:

- What information exists about each action?
- What resources must be included in the action steps?
- What are the interrelationships among the various resources?
- What is the ordering and timing of the various steps?
- Who should be accountable for completion of each of the action steps?

Well-written goals also include an estimated cost of achievement. This is true for strategic goals, tactical objectives, or operational plans. Few people actually write out their goals and fewer still calculate what those goals will actually take to achieve. Calculating the cost of a goal whether it be in terms of additional annual revenue required, an increase in monthly expenses or a one-time lump-sum cost, can help the manager see what is required to make the goal a reality.

In addition, to the financial costs for reaching goals, there are usually requirements from other resources as well. Reaching a goal may require additional human resources (skills or hours of labor), added livestock performance (improved weaning weights through better genetics), or more forage resources (added rangeland or improved forage production on existing resources). Regardless of which or how much resource is required, spending the time to estimate the requirements and when the resources will be needed, not only forces the manager to become serious about describing how to reach a goal, but it also increases the likelihood of achieving the goal.

Finally, an assessment of the Strengths, Weaknesses, Opportunities, and Threats (SWOT analysis) of the strategic goals, tactical objectives, and operational plans can be helpful to finalizing the flow of plans for the coming year(s). Completing an assessment of the relative strengths and potential weaknesses can provide management with an understanding of what factors require closer monitoring. A list of the possible opportunities or threats can help prepare management to take advantage of changes as the plans unfold.

Operational plans for the K-bar-Y Ranch include:

Tactical Objective 1-3: To exploit the big-game hunting opportunities of the more remote portions of the ranch beginning next hunting season, returning net earnings of \$20,000/year over the next 10 years.

Supporting Operational Plans-

Operational Plan A-1:

Consult with state Game and Fish personnel to set a target harvest level for the ranch that will give a 90 percent success rate at a cost of \$1,500 per hunter. Person responsible: Dad. Complete by: February 15th.

Operational Plan A-2:

The EXAMPLE ranch currently has 390 antelope, 120 mule deer, and about 30 whitetail deer. With \$3,000, advertise hunting ventures throughout the state. Person responsible: Mom. Complete by: March 31st.

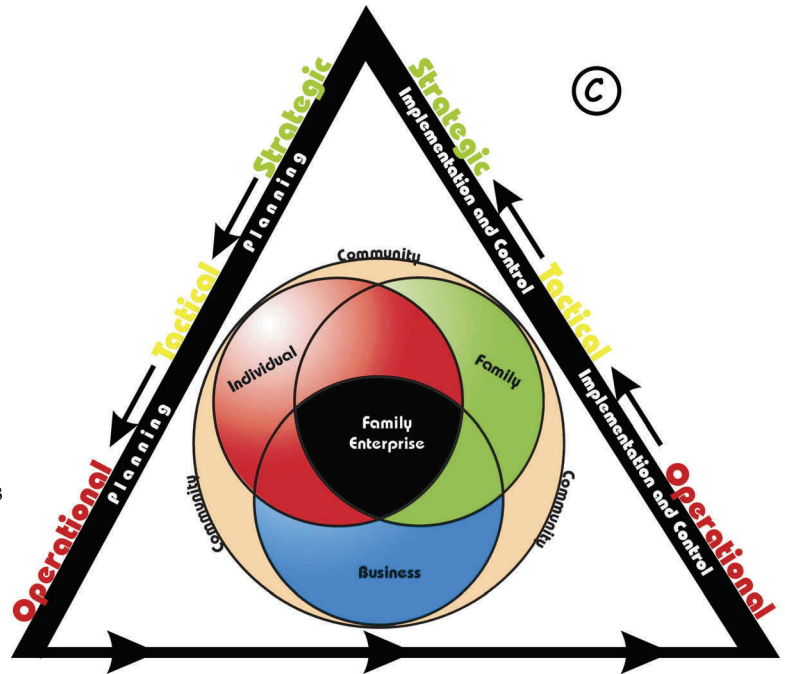
Operational Plan A-3:

Develop six camp sites on ranch with camp tables, BBQ pits, and outdoor toilets. Person responsible: Dad and Hired person #1. Complete by: end of August.

Next Steps

The next step in the integrated management process is to develop a comprehensive resource inventory. Completing this step provides a list of resources available to the family enterprise. What follows is an exploration of “how” to get from where the business currently is to where it wants to go. This includes analysis of the activities or enterprises that can turn resources into income. Such tactical planning is done within the resource limitations of the enterprise, including the human resource limitations of time and skill level.

Managers of rural enterprises face ever-increasing risks from a number different sources. To meet these challenges and manage in a way that allows success, a method of approaching the problem is needed. Integrated management—a means of looking at the resources available, analyzing alternative enterprise activities, and implementing plans to accomplish those activities in a resource-sustainable manner is one way to approach the problem. Enterprising rural families offers such an integrated management approach for addressing today’s problems to ensure the business is around tomorrow.



(Strategic goal setting, along with drafting tactical objectives and operational plans is covered in greater detail in the **Enterprising Rural Families: Making It Work™** on-line course.)

By: John P. Hewlett, UW Ranch/Farm Management Specialist.



Tactical Objectives:

- ✓ Relate directly to one or more strategic goals and the mission statement
- ✓ Are clear, concise and understandable
- ✓ Are stated in terms of results or outcomes
- ✓ Specify a date for accomplishment
- ✓ Address no more than one major outcome per objective
- ✓ Begins with “to” and an action verb (to reduce, to increase, to replace)



Enterprising Rural Families™

February, 2007 Volume III, Issue 2