



Weathering the Storm

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Weathering the Storm

- Business Management
- Family and Business Relationships
- Weather
- Lack of Sleep
- Breakdowns
- International Trade Issues
- Market Depression and Marketing uncertainties
- Employee Issues
- Increased Stress Levels
- Challenges to Mental Health and Overall Wellness.

Advice from a Farmer

Give yourself permission to not know everything

Get comfortable admitting what you're not good at

Find the right person to help you

Don't leave anything out or withhold information

You don't know what you don't know...ASK

Get the clarity you need for your own peace of mind

Working Capital and Cash Flow

Analyzing the working capital and cash flow situation should be done in conjunction with updating the **net worth statement**, the **credit portfolio** review and prior to any additional large **cash withdrawals, down payments, new loan payments, etc.**

Financial pulse check:

- Sources and uses of cash
- Cash flow timing over the next 12 to 18 months

Sources of Cash

- Working capital (current assets less current liabilities)
- Operating loans (authorized amount)
- Crop input lines (authorized amount or planned crop input expenses – whichever is less)
- Cash advances available
- Off-farm income

Uses of Cash

- Variable expenses
- Land rental expense
- Living expenses
- Other drawings (transition payouts, etc.)
- Debt-service requirement (if current portion of long-term debt is included in current liabilities, do not double count by including them here)

Your operation's cash flow position is the net total of the sources less the uses

Monthly Cash Flow Analysis

- Worksheet outlining all the cash inflows and outflows per month
- Created and updated annually at minimum
- Managing day-to-day cash flow requirements
- Referred to for commodity market planning
- Timing of commodity sales to cash flow needs

Monthly Cash Flow Analysis

- Identify and plan to strategically deal with surplus cash flow
- Identify and plan to strategically deal with potential future short falls
- Align new or existing loan payments
- Reduce reliance on operating loan
- Improve profitability by reducing interest costs and aid in more profitable commodity marketing

Now What?

Proactive Strategic Planning:

- Goals & Vision
- Risk Assessment
- SWOT
- Critical Success Factors
- Capital Budget Plan
- Other Financial Indicators
 - ACTION PLAN & IMPLEMENTATION!

Debt Management

- Sufficiently sized operating credit facility/s
- Utilizing the CCGA Program
- Credit facilities: are you using the right ones for maximum flexibility and minimum cost
 $\$1,000,000 \times 1\% = \$10,000/\text{yr}$
- Loan details and covenant requirements (reporting and financial)

Debt Management

- Interest term diversification (laddering)
- Security registrations
- Loan to security positions
- Mortgage registration details (borrowers, guarantors, limits, etc)
- Financial ratios and indicators (Debt/unit, Leverage, C/R, Debt Structure)

Managing Relationships with Creditors

- Be prepared
- Have your financial information updated and current
- Know your financial situation = Peace of Mind
- Be clear about your business proposal = Confidence
- You don't know what you don't know and that's OK...Ask for Help!

Managing Relationships with Creditors

- Establish and maintain clear and consistent communication
- Don't be afraid to ask for help early
- Think of your lender as an investor or a partner in your business
- You are the manager of your business
- Be the manager of a business your creditor wants to invest with

You are not “just a farmer or rancher”, you are the proud owner of an Agriculture Business

Navigating with Confidence and Peace of Mind

- Solid understanding of financial situation
- Make decisions with confidence
- Improve relationships with creditors
- Reduce stress
- Family business meetings
- Conflict management
- Open communication and clarity

Need Help?

Farm Financial Planning

Strategic Planning

Transition Planning

Intensive Debt Management

Farm Family Business Coaching

Meeting Facilitation

Quarterback the process

Mental Health

Be aware of the signs and assist those who need additional support.
24/7 crisis counselling is available at:

AB Farmer Distress Line: 1-877-303-2642

SK Farm Stress Line & Rural Support: 1-800-667-4442

MB Farm & Rural Support Services: 1-866-367-3276



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