



Welcome Top Producers

Managing Risks at the Producer Level
January 29, 2014



You will have the opportunity to
accomplish your goals in the next ten
years to a greater extent than you
have had over that last ten years.

Tremendous Opportunities

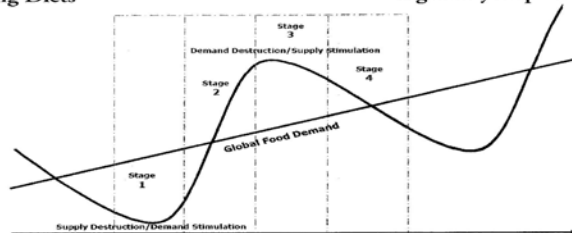
- Farmers transitioning out
- Not fun any more
- Livestock potential and profitability
- Slower growth in global crop acres
- Technology



Inflection Points

Secular Trends
 Population Growth
 Per Capita GDP Growth
 Improving Diets

Cyclical Influencers
 Supply / Demand S
 Weather Impacts
 Ag Policy Impacts



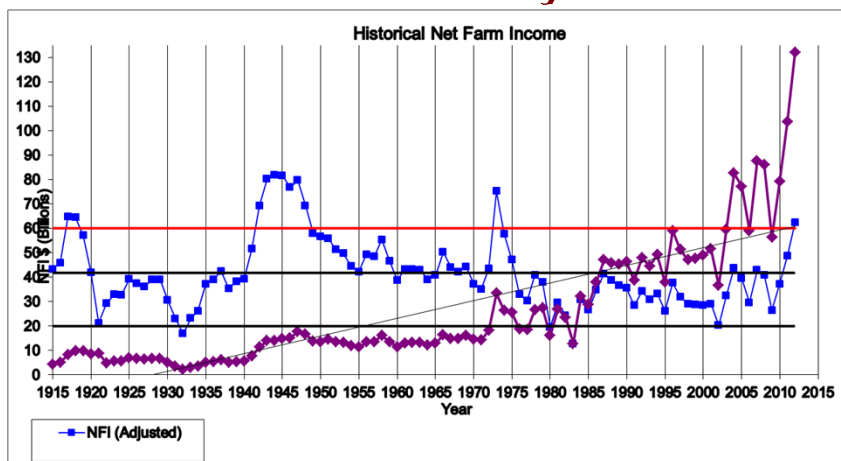
P.A.S.!

Positive changes

- Lower Fertilizer prices
- Lower fuel prices
- Increased Exports
- Increased Ethanol
- Increased Feed



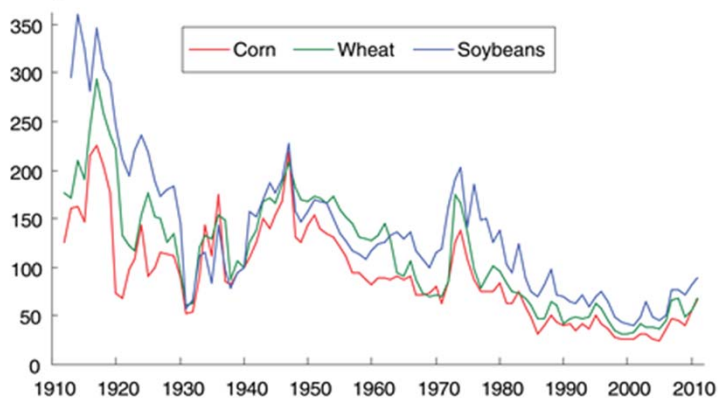
A look at history



Another look

Inflation-adjusted corn, wheat, and soybean prices, 1912-2011

Index, 1940 = 100



Source: USDA, Economic Research Service calculations using data from USDA, National Agricultural Statistics Service and U.S. Department of Labor, Bureau of Labor Statistics.

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Still great opportunities

- Your entrepreneurial Skills
- The Empires of the Future are the Empires of the Mind
- More money to be made farming than any other industry
- Understand Cycles and Profit from them



Those who have strong balance sheets and strong working capital will have opportunities abound.

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Cycles in Production Agriculture

- Have been cycles for the last 400 years.
- Will continue to be due to greed and fear.
- Strategy is to bulletproof your balance sheet during good times.
- So you can catapult ahead of your competition in bad times.
- If you get greedy during good times you will likely be on your knees in bad times fighting for survival.



Cycles in Production Agriculture

- 1998
- Nebraska Client
- \$700 M
- -\$350M Working Capital
- Now \$7.688 MM
- Bullet Proofed BS
- Three Farms bought two



Cycles In Other Businesses

- Matthias Grundler
- Head of Procurement Trucks and Buses- Daimler, Stuttgart, Germany
- MOC
- Management of Cycles
- Cycles will be more frequent and higher impact



Commodity Business

- The price of agricultural commodities, over the long run, will level out at the cost of production for the highest cost producers.
- How do you survive
 - Better marketing
 - Lower cost
 - Better production
- Biggest Rabbits to Chase
 - Marketing
 - Maximize Machinery use
 - Labor Costs
 - Agronomic Management



Production Ag Econ 101

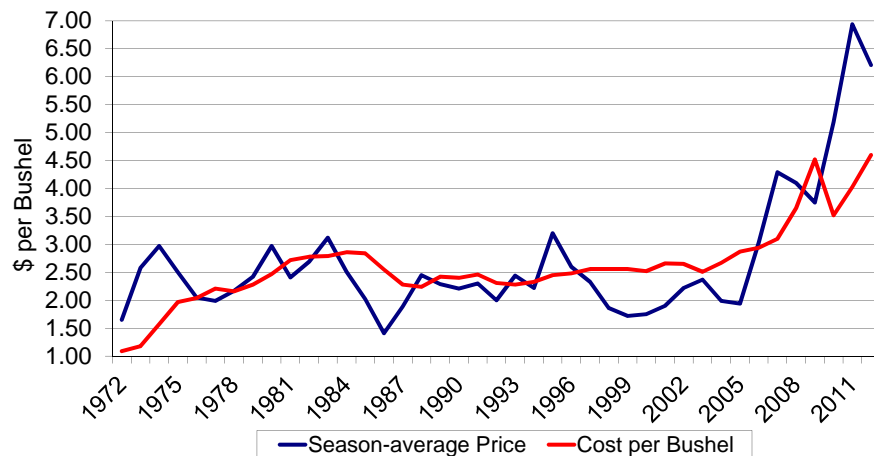
“The function of a competitive market is to drive the economic return to the average producer to breakeven through supply and demand in both input and output markets. *In equilibrium, the top end are profitable and growing, the average are hanging in there, and the bottom end are losing money and exiting the industry.* Business success and survival depend on continuous improvement at a pace necessary to stay in the front half of the pack.”

Professor Danny Klinefelter
Texas A & M University

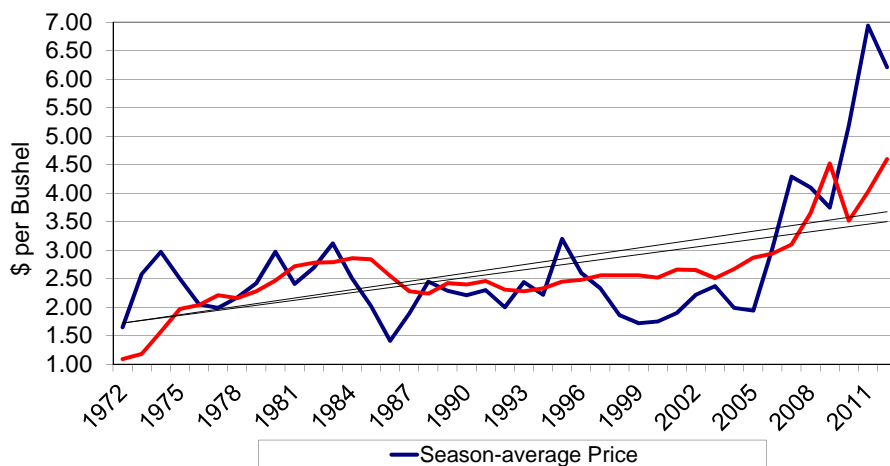
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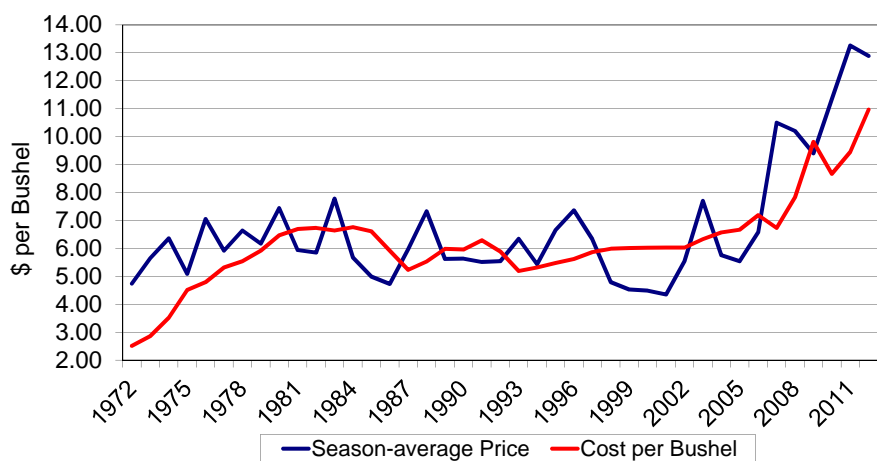
Iowa Corn Price vs Cost



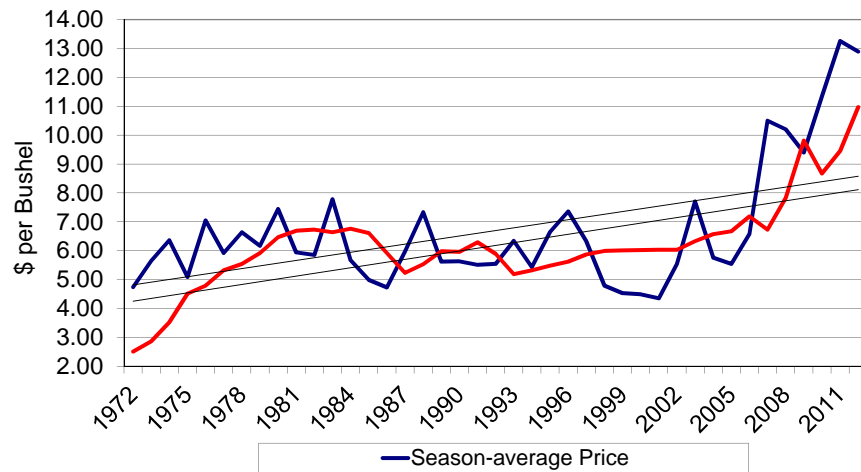
Iowa Corn Price vs Cost- 40 year



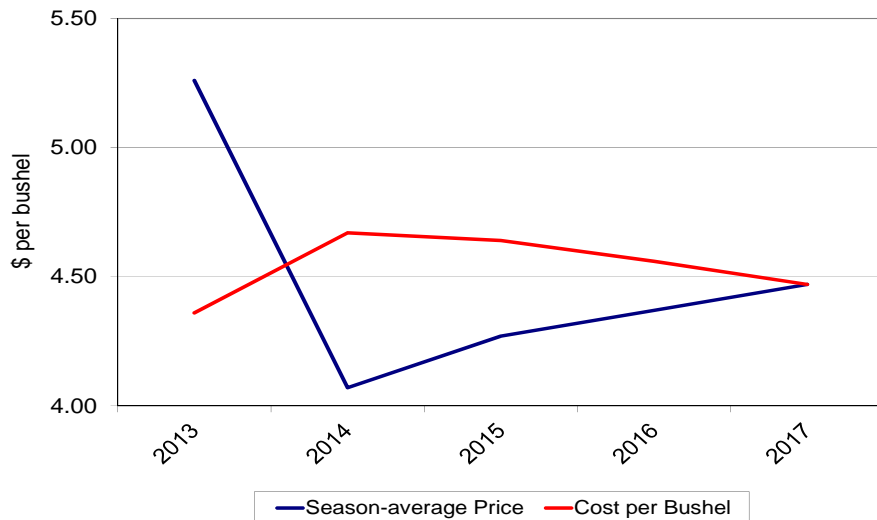
Iowa Soybean Prices vs Cost



Iowa Soybean Price vs Cost-40 year



Projected Corn Price vs Cost



Bulletproof Your Balance Sheet

- Current Assets
 - Cash
 - Accounts Receivable
 - Grain in Inventory
 - Prepaid Expenses
 - Livestock to be sold within next twelve months



Bulletproof Your Balance Sheet

- Minus Current Liabilities
 - Accounts Payable
 - Operating loan due within one year
 - Current portion of term debt due in 12 months



Bulletproof Your Balance Sheet

- Working Capital
- 50% of annual expenses
- If > 5,000 acres should be 75%
- If > 10,000 acres should be 100%
- Overall equity > 60%
- Take a profit when it presents itself and meets your goals



Bulletproof Your Balance Sheet

- Refinance Real Estate or Machinery to free up cash
- Take advantage of 50 year lows in interest rates
- Do it now
- Biggest challenge will be access to capital

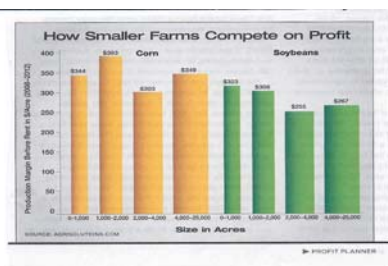


Profitability Not a Function of Size, Type of Operation, or Location

Operation	ROA	ROE
860 acres & custom feeds 4,412 head pig space, 14 yr aver	10%	16.0%
1690 acres 400 head cattle fed 13 year earned NW increase	12.0%	16.5%
12,000 acres corn and soybeans 35 year average	15%	23%
2150 acres corn & soybeans, 5000 sows 11 year average	11%	19.2%
900 acres & 5,400 pigs spaces 9 year average	16%	23%
ROA (Return on Assets) ROE (Return on equity)		



Big is not necessarily most profitable

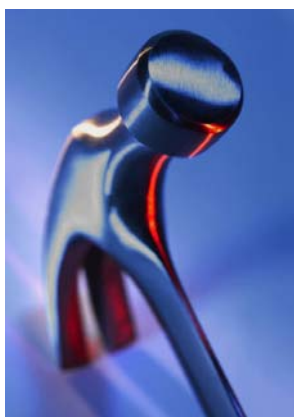


The profitability gap is getting wider

- 300 growers from dozen states
- 2008-2011 four years
- Bottom 10% profit lost \$157/ac
- Top 10% earned \$407 net income per acre
 - AgriSolutions, Birghton, IL



What Should Top Producers Focus On?



What are the most important leverage points to reaching income targets?



Leverage Points of High Profit Farms

Marketing	\$0 to \$315/acre	Realistically
Equipment Mgmt.	\$44 to \$248/acre	
Labor Management	\$9 to \$106/acre	
Agronomic Mgmt.	\$0 to \$165/acre	
<u>Input cost Mgmt.</u>	<u>\$0 to \$85/acre</u>	
Total	\$/ acre	\$100



Equipment Utilization & Efficiency

- 6635 acres, 62 fields
- 10 days planting
- 24 hr planting 80%
- 1,000 ac/day
- Up from 40% last year
- Technology Investment
- RTK, hardware, software
- \$26/acre
- Pit Stops



Cost of VRT Equipment/Swath Control

VRT+ Swath Control Equipment

	16 Row	24 Row
Planting	\$18,200-28,760	\$21,200-32,040
Nitrogen	\$9,630-19,310	\$10,170-20,390
Planting + Nitrogen (same tractor)	\$21,830- \$35,070	\$25,730-39,430



Profit Potential based on CTC study

- Low yield 143 bu
- \$4.10 cash corn
- Profit/ ac \$-78
- ROE -9.9%
- Out of business in 5 years
- Ave yield 165
- \$4.10 cash corn
- Profit/ ac \$23
- ROE 2.9%
- Start \$1,800,000 NW
- In 5 years \$2.07 mil



Profit Potential based on CTC study

- High yield 203 bu
- \$4.10 cash corn
- Profit/ ac \$ 105
- ROE 13.4%
- \$1.8 mil NW grows to \$3.3 mil
- High yield w VRT Seed & N (+10.2 Bu)
- \$4.10 cash corn
- Profit/ ac \$133
- ROE 17%
- Start \$1.8 mil NW grows to \$3.9 mil



RCG Client Base

	2010 Avg.	2011 Avg.	2012 Avg.	2013 Avg.
• Machinery cost/acre Range \$44 to \$313	\$79.36	\$89.46	\$98.99	\$112.42
• Labor cost per acre Range \$8 to \$139	\$37.71	\$45.48	\$44.32	\$50.69
• Combined average machinery & labor	\$117.07	\$134.94	\$143.31	\$163.32
• Return on Assets (ROA)	9.11%	12.23%	12.54%	\$12.46%
• Return on Equity (ROE)	14.89%	20.29%	21.55%	\$17.96%
• Working Capital/Annual Expense	41.26%	41.42%	47.44%	58.26%
• Working Capital/Acre				\$480.84

- Fortune 500 2012 Median ROE 13.3%



Growth in Net Worth

- | | |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • \$500,000 NW • Grow 9.67% for 10 years • \$1,258,000 | <ul style="list-style-type: none"> • \$500,000 • Grow at 17.77% for 10 years • \$2,566,000 |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|



Where have we been

	1998	2013	% change
• Fed Funds Rate	5.50%	-.25%	-100%
• Prime rate	8.50%	3.25%	-62%
• Ten year T Bills	5.54%	2.73%	-49%
• Gold Price/#	\$290	1470	+11.43%/yr
• Copper/ #	\$.66	\$3.23	+ 11.17%/yr
• Oil /Barrel	\$8.74	\$101	+17.72% /yr



Where have we been

	1998	2013	% change
• Lean Hogs	\$38	\$96	6.37%/year
• Live Cattle	\$58	\$128	5.42%/year
• IA Land Values	\$1,801	\$8,296	10.72%/year
• Corn Cen IL	\$1.99	\$7.27	9.02%/year
• Soybeans	\$5.85	\$15.36	6.65%/year
• Wheat KC HW	\$3.17	\$7.52	5.93%/year
• DJIA	7908	14,840	4.29%/year



What does the future hold

- “The future has a way of arriving unannounced”
- Drivers of Change
 - Resources
 - Technology
 - Demographics
 - Public Policy



Resources

- Natural Gas(Marcella, Bakken, Eagle Ford, Brown Dense, Tuscaloosa Marine, Cline)
- LNG (\$ cost/m BTU, US \$4
- China \$14, Japan \$14.50, Brazil \$15, EU \$15
- Argentina \$17
- Methane Hydrate
 - Methane trapped in ice beneath the oceans
 - 3% would provide US natural gas for 400 years



Natural Gas

- Over 400 shale wells outside US during 2014
- China largest –equivalent 212 billion Barrels
- US exports of refined fuels 3 X 10 ten years
- Shells LGN monster (3.6 million tons)



Oil

- Rail carloads 2010
- 50,000
- Rail carloads 2013
- 700,000



Technology

- About every 30 years there is a major technological change that changes the world.
- Last one was the microprocessor
- Next one is Fracking.



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2011 Corn Comparative Cost of Production

Sorted by Total Cost/Bushel
Includes Drying, G&A & Crop Insurance

Acres	Farm Code	\$ / Acre				Net Land Cost	\$/Acre			Total Interest Costs	\$/Acre			Total Cost of Production	Average Yield per Acre	\$/Bushel
		Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost		Total Labor Costs	Mach & Fuel	Drying Costs		G&A	Crop Insurance				
<1,500	a	\$ 98	\$ 80	\$ 28	\$ 204	\$ 33	\$ 44	\$ 132	25	\$ 30	\$ 39	\$ 68	\$ 576	169	\$ 3.40	
>1,500	b	111	114	47	266	231	30	90	1	3	12	20	654	190	3.45	
>1,500	p	100	110	30	253	200	37	90	6	47	8	15	657	182	3.60	
<1,500	e	84	179	14	343	244	59	78	0	25	23	2	705	187	3.77	
<1,500	l	104	93	71	317	192	60	199	-	32	12	7	773	199	3.89	
>1,500	d	96	77	59	275	267	60	132	6	59	12	17	785	200	3.93	
<1,500	f	69	118	58	284	208	39	116	9	25	9	35	671	171	3.93	
<1,500	c	108	155	80	231	181	27	62	37	58	15	40	763	191	4.00	
>1,500	k	94	145	33	270	202	78	137	26	19	21	12	764	191	4.00	
Average																
<1,500	h	144	120	37	252	179	77	174	11	35	6	52	818	200	4.09	
>1,500	j	100	172	46	268	131	78	104	21	39	8	31	729	178	4.10	
<1,500	m	65	190	63	245	197	52	169	18	1	23	50	881	189	4.41	
>1,500	g	92	105	46	234	241	36	116	16	42	21	103	828	187	4.43	
>1,500	m	92	95	42	236	284	37	128	28	43	11	32	798	175	4.56	
>1,500	q	88	100	61	323	168	40	131	8	30	16	84	722	153	4.72	
Average		\$ 96	\$ 124	\$ 48	\$ 267	\$ 197	\$ 50	\$ 124	\$ 14	\$ 32	\$ 16	\$ 38	\$ 738	184	\$ 4.02	
ISU est		\$ 113	\$ 168	\$ 43	\$ 325	\$ 245	\$ 33	\$ 92	\$ 15	\$ 69	\$ 9	\$ 17	\$ 805	185	\$ 4.35	

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CORN 3

Latta, Harris, Hanon & Penningroth LLP
2011 Comparative Cost of Production

Sorted by Cost/Bushel before Storage,G&A & Crop Insurance
Adjusted to a Standard \$300 cost for Land

Corn Acres	Farm Code	\$ / Acre				Net Land Cost	\$/Acre			Total Operations Cost	Total Interest Costs	Total Cost of Production before Storage, G&A & Crop Ins	Average Yield per Acre	\$/Bushel
		Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost		Total Labor Costs	Total Fuel Costs	Total Machine Costs					
>1,500	2	\$ 111	\$ 114	\$ 47	\$ 266	\$ 300	\$ 30	\$ 19	\$ 72	\$ 121	\$ 1	\$ 688	\$ 190	\$ 3.62
>1,500	5	96	77	59	275	300	60	25	107	192	6	732	200	3.66
<1,500	3	84	179	14	343	300	59	15	63	137	0	712	187	3.81
>1,500	8	92	105	46	234	300	36	18	98	152	16	720	187	3.85
<1,500	14	108	155	80	231	300	27	13	49	89	37	769	191	4.03
<1,500	4	69	118	58	284	300	39	9	106	155	9	695	171	4.06
>1,500	10	92	95	42	236	300	37	13	116	164	28	728	175	4.16
Average														
<1,500	1	98	80	28	204	300	44	22	110	176	25	705	169	4.17
<1,500	13	104	93	71	317	300	60	27	172	259	-	829	199	4.17
<1,500	12	144	120	37	252	300	77	23	152	251	11	846	200	4.23
>1,500	7	94	145	33	270	300	78	38	99	215	26	809	191	4.24
<1,500	11	65	190	63	245	300	52	24	145	222	18	862	189	4.57
>1,500	6	100	172	46	268	300	78	26	78	182	21	820	178	4.62
>1,500	9	88	100	61	323	300	40	25	106	171	8	724	153	4.73
Average		\$ 96	\$ 124	\$ 49	\$ 268	\$ 300	\$ 51	\$ 21	\$ 105	\$ 177	\$ 15	\$ 760	184	\$ 4.14
Adjusted to \$300 land cost ISU -2011					\$ 311	\$ 300	\$ 31		\$ 152	\$ 183		\$ 793	176	\$ 4.51

Total Planted Acres this Report: 29,500
Total Bushels this Report: 5,410,000

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2011 Comparative Cost of Production for Soybeans

Sorted by Cost/Bushel before Storage, G&A & Crop Insurance														Total Planted Acres this Report Total Bushels this Report		
														11,600 740,000		
\$/ Acre														\$/Bushel		
Soy Bean Acres	Farm Code	Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost	Net Land Cost	Total Labor Costs	Total Fuel Costs	Total Machine Costs	Total Operations Cost	Total Interest Costs	Total Cost of Production before Storage, G&A & Crop Ins	Average Yield per Acre	Total Cost of Production before Storage, G&A & Crop Insurance		
< 450	1	40	31	14	83	33	44	22	100	166	25	307	64	4.83		
< 450	14	57	-	37	95	181	24	12	44	80	37	392	68	5.80		
> 450	2	49	34	38	116	231	30	19	72	121	1	470	66	7.09		
< 450	3	37	3	36	73	244	59	15	63	137	0	453	56	8.08		
> 450	12	69	44	26	122	179	77	23	152	251	11	563	68	8.35		
Average																
> 450	5	57	38	69	166	267	60	25	107	192	6	630	68	9.34		
< 450	8	52	-	30	90	241	36	18	98	152	16	500	53	9.52		
< 450	4	45	-	57	89	208	39	9	106	155	9	460	48	9.59		
> 450	10	47	25	27	106	284	37	13	116	164	28	582	57	10.21		
> 450	11	38	88	76	208	197	52	24	145	222	18	644	56	11.42		
Average		\$ 49	\$ 26	\$ 41	\$ 115	\$ 207	\$ 46	\$ 18	\$ 100	\$ 164	\$ 15	\$ 500	60	\$ 8.42		
ISU -2011					\$ 157	\$ 215	\$ 29	\$ 73	\$ 101	\$ 473	50	\$ 9.46				
ISU est					\$ 45	\$ 75	\$ 17	\$ 137	\$ 245	\$ 28	\$ 71	\$ 100	\$ 7	\$ 488	55	\$ 8.87

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Latta, Harris, Hanon & Penningroth LLP
2011 Comparative Cost of Production for Soybeans

Sorted by Cost/Bushel before Storage, G&A & Crop Insurance Adjusted to a Standard \$300 cost for Land														Total Planted Acres this Report Total Bushels this Report	
														11,600 740,000	
\$/ Acre														\$/Bushel	
Soy Bean Acres	Farm Code	Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost	Net Land Cost	Total Labor Costs	Total Fuel Costs	Total Machine Costs	Total Operations Cost	Total Interest Costs	Total Cost of Production before Storage, G&A & Crop Ins	Average Yield per Acre	Total Cost of Production before Storage, G&A & Crop Insurance	
< 450	14	57	-	37	95	300	24	12	44	80	37	511	68	7.56	
> 450	2	49	34	38	116	300	30	19	72	121	1	539	66	8.12	
< 450	1	40	31	14	83	300	44	22	100	166	25	573	64	9.03	
< 450	3	37	3	36	73	300	59	15	63	137	0	510	56	9.09	
> 450	5	57	38	69	166	300	60	25	107	192	6	664	68	9.84	
Average															
> 450	12	69	44	26	122	300	77	23	152	251	11	685	68	10.14	
> 450	10	47	25	27	106	300	37	13	116	164	28	598	57	10.49	
< 450	8	52	-	30	90	300	36	18	98	152	16	558	53	10.63	
< 450	4	45	-	57	89	300	39	9	106	155	9	552	48	11.51	
> 450	11	38	88	76	208	300	52	24	145	222	18	747	56	13.24	
Average		\$ 49	\$ 26	\$ 41	\$ 115	\$ 300	\$ 46	\$ 18	\$ 100	\$ 164	\$ 15	\$ 594	60	\$ 9.97	
Adjusted to Standard \$300/ Ac ISU -2011					\$ 157	\$ 300	\$ 29	\$ 73	\$ 101	\$ 643	50	\$ 12.86			

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Land Value Trends

- 1850 to 1900
 - Land values rose from \$6.09/acre to \$43.31
 - 4% Average annual increase
 - Four depression periods of low prices and foreclosures
 - 1858-60, 1871-72, 1876-79, 1894-98
- 1900-1950
 - Land Values rose from \$43.31 to \$218
 - 3.29% average annual increase
 - Two depression periods of low prices and foreclosures
 - 1921-25, 1931-35



Land Value Trends

- 1950 to 2000
 - Land values rose from \$218/acre to \$1,857
 - 4.38% Average annual increase
 - One depression period of low prices and foreclosures
 - 1982-87
- 2000-12
 - Land values rose from \$1,857 to \$8,296
 - 13.28% average annual appreciation 2012 24%
- 1850-2012
 - 4.00% average annual appreciation to 2000- 2050
 - \$13,197

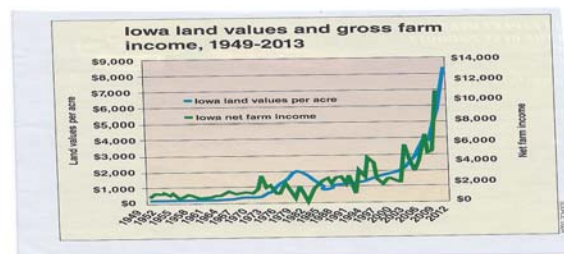


Watch Cap Values

- Look at sales price of farm
- Determine cash rent
- Subtract RE taxes, ins, upkeep
- \$500 rent minus \$25 = \$475 = 2.6%
- \$18,000
- 3 to 8% range

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.97 correlation



L
up

Land Value Trends

- Impacted by
 - Interest rates
 - China
 - Corn Price
 - Oil



Interest Rate impact on land values

- Cap value based on \$300 rent, \$25 RE Taxes
- $\$275/1.8\% = \$15,277$
- $\$275/6.61\% = \$4,166$
- $\$275/8.0\% = \$3,437$
- $\$275/10.0\% = 2,750$



Ten Year Treasuries

1/2/62-4/10/13

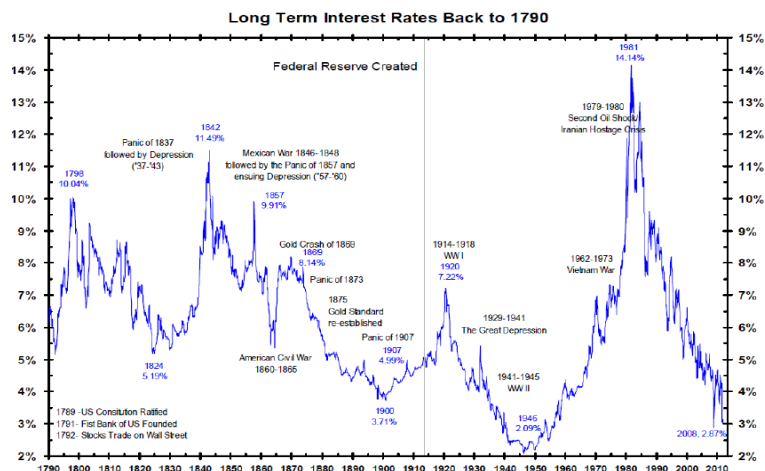
High: 9/30/81 15.84%

Low: 7/25/12 1.43%, now 2.7%

Average: **6.61%**



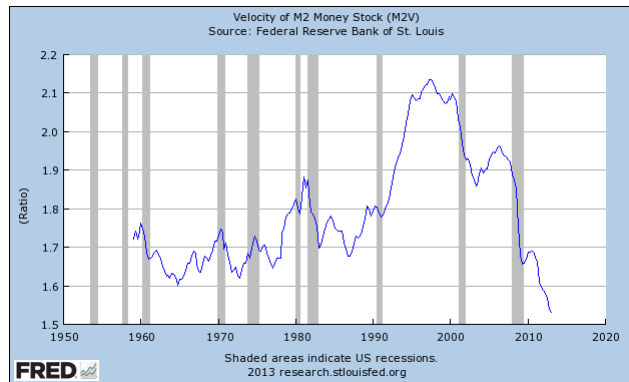
Long-term Interest Rate Trends



+ www.SANDLERONEILL.com



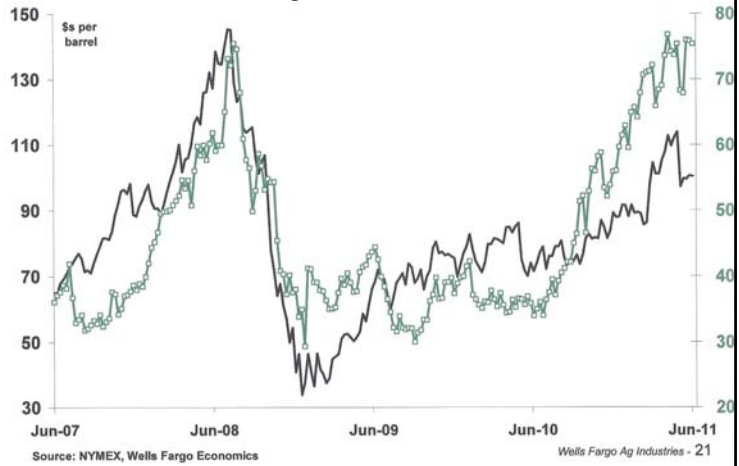
Velocity of Money Stock (M2V)



This drives: food + packaging + transportation ...



Nearby Crude Oil v Corn



Trends

- Most major business mistakes over the last 800 years have been caused by misplaced optimism
- Wishful thinking is the scourge of critical thinking
 - "Unintended Consequenses" by Edward Conard



Risk Management Trends

- We are entering a whole new wave of consolidation in production agriculture.
 - No Safety Net
 - Volatility
 - Technology
 - Access to Capital



Risk Management Observations

- **Access to Capital**
 - Example – Working Capital
 - Example – Land purchase 1200 acres
 - Owns 400 acres, purchased 240 of 800 rented.



Risk Management Recommendations

- Contingency Plan w/o Government Payments
- Partnering With Input Suppliers
- Seek, Hire, Train, & Retain Top People
DITH, SITG
- Get Green, Stay Green, Grow Green
- Have a PR Plan
- Bullet Proof Your Balance Sheet
- Access to Capital will be an issue



Have a Plan

- **Determine** the gross dollars per acre you need for:
 - Term Debt payments
 - Operating Expenses
 - Living
 - Depreciation
 - Profit

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Having a Plan

- Makes farming easier and more fun
- Reduces stress
- Worry less about competition
 - John Wooden- won 10 NCAA championships
 - Never had opposing team scouted



New Breed in Production Ag

<h3 style="margin: 0;">Old</h3> <ul style="list-style-type: none"> • People are a cost • Do everything yourself so its done right • Own equipment • Valuations based on asset values • Overhead a necessary evil • Limited working capital • Get things done • <small>Source Scott Hazlett Machinery Link, Inc.</small> 	<h3 style="margin: 0;">New</h3> <ul style="list-style-type: none"> • People are assets • Know what you don't know and hire it done. • Lease equipment • Business value based on multiples of net earnings. • Overhead reduction as a source of capital • Working capital > 50% of revenue • Manage relationships
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What Landlords Want from a Tenant

- Trust
- Honesty
- Transparency/Communications
- Financial Stability
- Money
- Look like you can farm it
- Stewardship
- Extra Effort
- Agronomic management



Mapping the DNA of Successful Farmers

- Attitude, Habits & Disciplines
 - They control their own destiny
 - Do not play the blame game
 - Give credit
 - Have personal accountability
- Great Interpersonal Skills
 - Team smarts
 - Empathy
 - Communicators



Mapping the DNA of Successful Farmers

- See the Big Picture
 - urgent and important
 - What is right not who
- Have Written Plans
 - Communicated
- Thirst for Knowledge
 - Passionate Curiosity
- Network with other successful farmers
 - Outside their territory

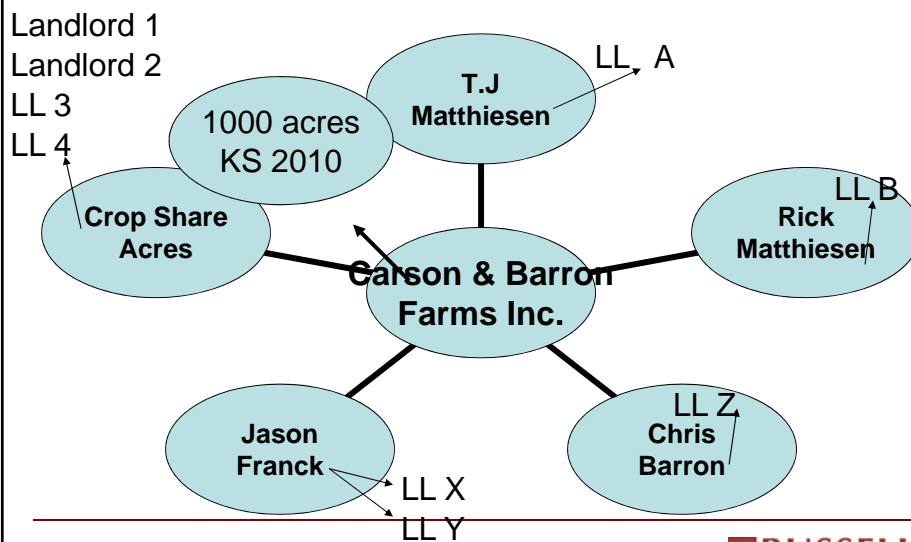


Mapping the DNA of Successful Farmers

- View Problems and Challenges as Opportunities
 - Confident but not arrogant
 - Have overcome adversity
 - Make the most of the hand dealt to them
 - Healthy relationship w/ failure
 - Risk takers



Multi-Generational Model for Growth



Trust, Shared Goals and Common Vision

- 5 years or < KS will rent to CB
- In 2009, traded equipment line for planter and field cultivator.
- Leased purchase agreement back to CB Farms on equipment
- CB Farms KS 1000 acres for fee with labor offset
- KS still owner operator



Benefit Values on 1000 Acre Farm

Revenue enhancement

- \$.25 / Bu. Market Corn
- \$.05 / Bu. Trucking
- \$.30 / Bu. Corn Total
- 160 bu./ac * .30 = \$48
- 500 ac. = \$24,000
- \$.60 / Bu. Market Soy.
- \$.05 / Bu. Trucking
- \$.65 / Bu. Soy Total
- 50 bu./ac. * .65= \$32.50
- 500 ac. = \$16,250
- Total Gain = \$40,250

Expense savings

- Seed \$ 70,000
- Chem. \$ 45,000
- Fert. \$ 40,000
- NH3 \$ \$37,500
- Equip. \$ 30,000
- Total \$ 222,500
- Save 4% = \$8,900
- Plus \$35/ ac Agronomic
- Overall Value Enhancement
- \$84 per acre



Win/Win

KS Advantages

- Less Stress
- More Free Time
- Better Job Farming
- Peace of Mind.
- More Profits

CB Farms Advantages

- Captive Growth
- Controlled Growth
- Less Risk
- Quality Labor
- Leverage Current System

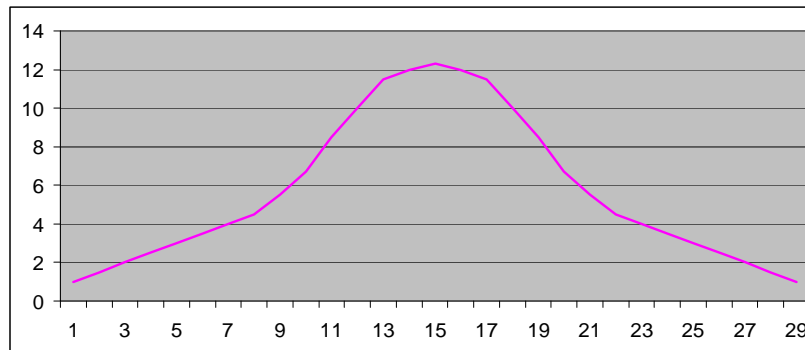


Fortune 500 Companies

- Median ROE in 2012 was 13.3%
- Wal-Mart, Kmart and Target
all started in 1962
- Blockbuster and Netflix
- Same economy and conditions, **but**
- Different plans and strategies, **produce**
- Different results



The Bell Curve



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Examples

Airline industry

Southwest Airlines is included in the top ten most respected companies in America. Most others in the industry are struggling 1972-2002 26.6% return

Lesson-do not benchmark your business with the average.

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Four Critical Tasks

- Plant and Production Manager
- Financial Manager
- Marketing Manager
- HR Manager



Few Managers Can Do It All

- Determine what you like doing and are good at
- Get better at that
- Know what you don't know
- Hire it done



Part V

- Diversification's Role Risk Management
- Resource Utilization
 - Labor
 - Capital
 - Management



Diversification

- \$100,000 invested @ 7% for 10 years = \$196,968



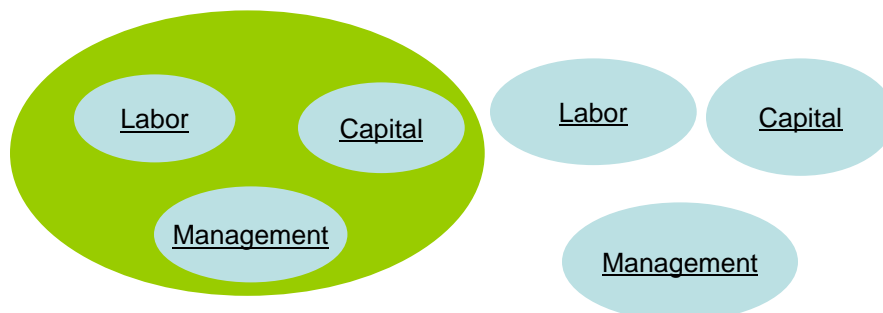
Diversification

- \$20,000 @ 20% for 10 years = \$123,834
- \$20,000 @ 15% for 10 years = \$80,914
- \$20,000 @ 7% for 10 years = \$39,343
- \$20,000 @ 0% for 10 years = \$20,000
- \$20,000 lose it all = \$0
- Total \$264,091
- 34% more than \$196,968



Availability and Utilization of Resources

- Traditional
- New



Do employees and owners have answers to these questions?



Thank You

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Summary

<u>Item</u>	<u>Have a sale</u>	<u>Replace</u>	<u>Upgrade</u>
• Tractor	3.0%	9.5%	14.2%
• Combine	4.4%	8.8%	13.8%
• Planter	3.1%	1.3%	23.4%
• <u>Sprayer</u>	9.3%	14.0%	18.8%
• Average	5.0%	8.4%	17.6%