Ag Decision Maker

File C6-65
March 2008
www.extension.iastate.edu/agdm

Assessing Financial & Risk Management Skills

Financial and risk management skills are essential for the long-term success of your business. Firms that possess human resources with exceptional skills have a long-term focus and are more likely to use their skills to take advantage of emerging opportunities.

How would you rate your financial and risk management skills? They help you focus on preparing financial information, interpreting financial performance, assessing risk exposure, and developing risk management strategies. Use the questions below to assess your financial and risk management skills.

	Unsatisfactory	Weak	Average	Good	Exceptional
1. Prepare and interpret basic financial statements (net worth, cash flow, and income) and use them in business decisions.	1	2	3	4	5
2. Prepare financial information for credit requests.	1	2	3	4	5
3. Monitor financial trends of the farm business.	1	2	3	4	5
4. Compare the financial performance of your business to other similar operations.	1	2	3	4	5
5. Evaluate the profitability and financial feasibility of investment decisions.	1	2	3	4	5
6. Seek ways of reducing the cost of capital.	1	2	3	4	5
7. Assess the existing risk exposure of the business and its enterprises.	1	2	3	4	5
8. Assess your business and personal ability and willingness to bear risk.	1	2	3	4	5
9. Evaluate the risk exposure of investment decisions.	1	2	3	4	5
10. Develop and implement risk reduction strategies using insurance and income protection.	1	2	3	4	5

. . . and justice for all
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Many materials can be made available in alternative formats for ADA clients. To file a complaint of discrimination, write USDA, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964.

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Jack M. Payne, director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.

IOWA STATE UNIVERSITY
University Extension

Don Hofstrand
value-added agriculture specialist
co-director Ag Marketing Resource Center
641-423-0844
dhof@iastate.edu