

Industry Assessment Overview

Industry and positioning assessments use data to understand industry dynamics, business positioning and competition. This can help business owners understand the operation's relative position to other participants in the industry and provide insight into supply and demand dynamics, emerging trends and potential opportunities. This type of assessment is often helpful to complete annually and/or in preparation for strategic business planning.

Using Performance Matrixes to Assess Industry and Positioning

There are a variety of methods to perform an industry analysis. The following tool utilizes a series of performance and environmental factors to consider a business relative to:

- Industry Outlook
- Industry Trends
- Competition and Consumer Preferences
- Regulations and Margin Management Capabilities

Review and complete each assessment matrix below to evaluate your industry and business. Industry Studies are available through AgWest Farm Credit and are available at <https://www.AgWestFC.com/Resources/industry-insights>. These can be a helpful resources in completing an Industry Assessment.

Group Conversation Guide

Including family members, partners, management team members and other trusted advisors such as AgWest in these conversations can be helpful to share lessons, insights and goals.

Prepare Participants

- Schedule a dedicated time (1-2 hours depending on the group size) for a focused discussion.
- Provide the Industry Assessment & Positioning Guide to all participants.

Define Roles

- Identify a facilitator to keep the group focused and moving through the discussion.
- Designate one person to take 'official' notes, documenting the discussion and any decisions.
- Ask the group the following question: **'Why is assessing the industry and relative positioning important?'** and engage participants to understand their perspectives.

Instructions

Use the Performance Matrix on the next page to self-assess your current industry and business positioning. Place an "X" in the space that most accurately describes the current state. Consider desired state and expected state as you each. Complete the Industry Assessment Conversation Guide upon completion of the Performance Matrix.

Performance	Assessment Factors			Considerations
Industry Supply and Demand	Under-Supplied	Flat	Over-Supplied	Location of markets, weather, labor or other conditions that influence local, national and global supply and demand.
Current State Assessment (X)				
Industry 3-5 Year Outlook	Strong	Medium	Weak	Evaluate industry trends and direction.
Current State Assessment (X)				
Stage of Industry	Expanding	Mature	Contracting	Assess the industries trajectory and longterm outlook for growth.
Current State Assessment (X)				
Barriers to Entry	High	Medium	Low	Evaluate capital/production requirements and competition's access to markets.
Current State Assessment (X)				
Competing Products or Substitutes	None - Minimal	Emerging	Significant	Evaluate technology, alternative crops and products in the market.
Current State Assessment (X)				
Consumer Preferences	Favorable	Neutral	Weak	Consider local, organics, GMO, gluten free or other competing consumer preferences.
Current State Assessment (X)				
Regulatory Environment	Low	Neutral	High	Assess governmental requirements, business costs and interventions.
Current State Assessment (X)				
Margin Management	Favorable	Neutral	Weak	Evaluate tools available to manage margins or ability to control input costs/prices
Current State Assessment (X)				

Other Industry Considerations

Agriculture is a highly diverse industry and assessments can vary depending on the dynamics for any specific commodity or niche markets. This may include considering socio-economic trends, emerging technologies, labor availability, bargaining power of buyers and suppliers or other external factors. It is important to understand that industry analysis is somewhat subjective and does not always guarantee success. Accordingly, it is important to collect data and develop additional performance matrixes that may be desirable for some industries depending on the availability of industry data.

Industry Assessment

Assessment Questions	Discussion Notes
<p>Which matrix revealed an optimal position (current state matches desired state)?</p>	
<p>Which matrix revealed a sub-optimal position (expected state did not match desired state)?</p>	
<p>Which of these can be managed through risk management or deploying alternative strategies to take advantage of emerging trends?</p>	

<p>What are the highest priorities to address from the assessment and how do they align with the strategic direction of the business?</p>	
<p>What strategies should be explored further as potential solutions?</p>	
<p>What conversations, analysis or next steps should be evaluated further?</p>	
<p>Who is responsible for these next steps, what is the desired outcome and timeline?</p>	