

Ready or Not for Succession

A succession plan is more than 75 pages of diagrams, action plans and explanations. It's fulfilling dreams and aspirations. It's developing business goals and learning to lead. It ensures a family's financial security and the operation's capital resources. Planning for succession is a big step toward multigenerational success.

But how is it done, and where do you start? The most important aspect of the planning process is an environment favorable for succession. That includes a family who is willing, engaged, flexible and informed.

The succession planning process can take months and sometimes years. In some cases, it's simple financial planning and proper legal documentation. Other times, it entails behavior modification and changing roles, reams of legal work and sophisticated funding strategies. The planning process follows a defined set of guidelines, but the solutions vary since each family is unique.

Take a few moments to grade your situation by answering the questions below. Each of the four topics plays a critical role in the achievement of your goals. "Succession Matters" speaks to a sincere commitment to multigenerational success.

"Operation Matters" points to or-

ganizational preparedness. Do active family members and employees act like a team; do they share a dream of something bigger and better?

"Family Matters" points to the difference between active and inactive family members. Dividing the farm equally among active and inactive family members can become a wedge of discontent between siblings. Concerns for the family's financial security are the motivation for a successful farm operation.

There is a growing pool of succession planning resources on our Web site at www.Legacy-by-Design.com. Also, the "Leave a Legacy" blog at www.FarmJournal.com can serve as an open forum for dialogue questions, concerns and uncommon issues.

The November issue of FARM JOURNAL includes the Legacy Project survey. Please take a few moments to answer the questions and submit your responses. The survey is also available at www.FarmJournal.com. By answering the questions, you'll help us help you address the perplexing issues of succession planning.

Soon we'll announce the families participating in the Legacy Project documentary series. This is the perfect opportunity to observe as other families go through the planning process.



Kevin Spafford
writes from Chico, Calif.

Finally, e-mail me with your questions, comments or concerns. Logistically, I can't answer everyone personally, but I can combine common questions and address widespread concerns in this column.

Together we can write the story that celebrates your past, commands the present and creates a future.

Kevin Spafford is the author of *Legacy by Design: Succession Planning for Agribusiness Owners* and is a certified financial planner whose firm guides farmers and agribusiness owners through the succession planning process. Mail questions to Legacy by Design, 901 Bruce Road, Suite 160, Chico, CA 95928, send an e-mail to LeaveALegacy@farmjournal.com or call (877) 523-7411.

Are You Ready for Succession? For each positive statement, give yourself one point.

SUCCESSION MATTERS It is important to:

- Maintain family ownership
- Prevent subdivision and maintain operational integrity
- Transition ownership with a minimum of distraction
- Retire without draining business capital
- Improve management capabilities across the operation

OPERATION MATTERS Our succession preparedness includes:

- A plan for growth and development
- Viable business operation
- Standardized operations
- Informed, loyal employees
- Capable unrelated management successors

FAMILY MATTERS The family is ready because:

- We openly share cares and concerns
- Active family members contribute to operational success
- Inactive family members are independent and financially secure

- Active family members possess a variety of complementary capabilities
- Disagreements are handled in a mature, rational manner

OWNER MATTERS The owner:

- Engages in other interests away from the operation
- Has other aspirations for personal/vocational growth
- Can teach and mentor successors
- Will take advice and follow a course of action
- Can tolerate mistakes and allow for practical learning

_____ **TOTAL**

Score of 10 or higher: The environment is good for succession.

7 to 9: There is some work to do, but not an impossible task.

3 to 6: It may take a concerted effort by all active family members to prepare for the process.

0 to 2: Problems exist well beyond succession planning.