



Will Your Farm Ready for a Transition?

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Boarding the plane bound for Baltimore, my mind raced through the checklist of to-dos we'd completed to reach this point. My staff and I sifted through letters, listened to heart-felt stories on the phone and requested additional information from a few of the finalists. Each nomination represented a farm family from somewhere across the U.S. The applicants were asking for succession planning help and offering to participate in a documentary series for the Farm Journal Legacy Project. Our task was to select three that represent a cross section of America's agricultural community.



As this documentary series unfolds the writers, commentators and videographers of Farm Journal Media will chronicle each family's progress. They'll highlight the trials and record the triumphs as each family goes through a well defined succession planning process.

No two families are alike and situations vary, so it will be interesting to watch the actions, reactions and transformations as each family navigates the challenges of the process. Over the course of the engagements we expect each family to realize a different experience.

One family may falter early in the process due to some unforeseen reason. Another may have a successful and fulfilling adventure – demonstrating the value of good planning, shared goals and open communication. The other may struggle with some awkward circumstances and uncomfortable concerns; eventually realizing that the decisions made and behaviors modified will make a difference in their long-term success.

Come what may, the opportunity to learn from the experience of others will be priceless. As a reader, compare and contrast your own circumstances. What can you use with your family to improve the probability of your success? The documentary series will be successful when you are encouraged to apply the lessons, make the decisions and take the actions that lead to multigenerational success.

Though the documentary series is one of my most important obligations, I had barely spoken with Greg Dell before our face-to-face meeting. Our choice to work with the Dell family was based on a very emotional appeal (including some heartwarming photos), and the arms-length information we were able to gather. By design, I didn't enter into lengthy discussions with Greg or any other family member, because I wanted the story to be fresh. I wanted them to share their dreams, hopes and concerns from a first person perspective – in real time for you, our Farm Journal reader.

Up until that point, our firm had never engaged a client family without a prior consultation and sometimes multiple visits. It is critically important that the whole family is ready to engage in the process, and that we establish a good working relationship. We want to know there is a solid base for a productive working rapport.

Given these circumstances, I needed to quickly determine if this family is ready for succession. Below is a completed assessment that represents a composite of the Dell family based on other information gathering tools and personal interviews.

The rating for this assessment is as follows:

- 5 – Agree
- 4 – Mostly Agree
- 3 – Neither Agree / Disagree
- 2 – Mostly Disagree
- 1 – Disagree

1. Maintaining family ownership of the farm/agribusiness is important. 5
2. Only lineal descendants should be allowed to own the family operation. 5
3. Ownership is an earned privilege, not an entitlement. 4
4. The current operation can support additional families. 2
5. The current operation is run like a business with standard operating procedures and a management structure. 2
6. The family has shared succession intentions, but not in a written format. 5
7. An owner(s) can retire without converting business equity to cash. 3
8. Business success is more important than family harmony. 3
9. Active family members should receive ownership in proportion to their commitment (blood, sweat and tears). 4
10. Active family members receive adequate compensation for their time, commitment and loyalty to the family operation. 5

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| 11. Disagreements between family members rarely affect the work environment. | __2__ |
| 12. All active family members share a common goal for operational growth and development. | __2__ |
| 13. The next generation has a strong work ethic. | __4__ |
| 14. The next generation works and acts as owners. | __2__ |
| 15. The senior generation can allow the next generation to make mistakes and learn from experience. | __3__ |
| 16. There is a written business plan for operational growth and development. | __1__ |
| 17. The farming operation provides financial security. | __5__ |
| 18. The family recognizes and acknowledges the opposing objectives between active and inactive owners. | __4__ |
| 19. Regular management meetings are utilized to manage the operation. | __2__ |
| 20. The family communication style is very open and candid. | __4__ |
| TOTAL SCORE: | __67__ |

Unlike a test, the difference between a high and a low score is not good or bad. Rather, the scores on this assessment allow us to gauge the temperament of an individual or family regarding the succession planning process. The Dells' composite score may indicate a need for more open discussion among active family members regarding succession intentions, common objectives and shared goals. We may explore the value of a more formalized business management structure. The next course of action should include family meetings to discuss goals related to succession for the owner, the family, and the farm.

In addition to our communication and research, there are a multitude of assessments and planning tools that may be employed in a succession planning engagement. Over the course of the documentary our job is to identify the best tools and employ the best techniques to address the Dell family's succession planning objectives. Stay tuned.



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