

SUCCESSION SOLUTIONS

By Kevin Spafford

At Square One

Q We're planning a family conference. We've invited all of our kids and our nieces and nephews who are involved in the farming operation. Our intention is to discuss succession planning with the entire family. Our concerns about the future continue to grow as the grandkids get older. We feel like it's time to get a handle on the situation.

As we plan the meeting, we're looking for some ideas. What questions should we pose to the kids as conversation starters? We know the process may be challenging and a bit sensitive. But, with the right questions maybe we can stay on track, learn about everyone's expectations and have a positive outcome. Can you help?

A First, congratulations on your foresight. A family meeting is the perfect starting point for the succession planning process.

Please keep in mind that you and the other participants must have realistic expectations for the outcome of this meeting. Set a specific goal for the group to accomplish to help maintain focus as the conversations unfold.

Setting a goal in advance forces you to think through the variables involved in this type of gathering. It makes establishing the agenda easier, and it helps you remain focused on results rather than methods.

Take time to create an agenda. This will inform the rest of the group and prepare them to participate. Some of the topics you'll cover may be somewhat controversial. This is not a time to air dirty laundry, seek restitution for the past or point fingers.

Other items to keep in mind as you set a goal and plan the agenda:

- Not everyone will be happy during the process.

- You will likely uncover touchy issues but you probably won't be able to solve them in one meeting.

- Focus on understanding the wants,

expectations and preconceived ideas of the others involved.

- Remember everyone is entitled to express their opinion.

- Don't allow the meeting to end without a plan to follow up.

What to ask. So what questions can you pose to the kids? The most difficult aspect of facilitating the conversation is the fact that you can't be completely neutral. The discussions you have and the resulting decisions you make will be a direct result of your relationship with others. Your own bias will skew results. Consider the following questions:

1. How should we measure your level of commitment?

2. What level of sacrifice or financial commitment are you willing to invest to secure a long-term interest in the farm?

3. Are you willing to develop the leadership and management skills necessary to build an operation for growth?

4. How will you maintain commitment and resolve during the varying economic cycles and stay in step with the demands of the market?

5. What do you want, expect or feel entitled to?

As you facilitate this dialogue, be prepared to address the concerns of your children, grandchildren, nieces and nephews.

How to answer. Though any subject relating to succession should be fair game, some issues may be uncomfortable for you and others to discuss. Exercise caution so that hurt feelings caused by careless comments don't become wounds.

You should expect and honestly an-



Kevin Spafford
writes from Chico, Calif.

swer the following questions from involved family members:

1. What level of development or improvement are you willing to undergo in order to prepare the operation for growth?

2. Are you willing to co-manage (share the decision-making responsibilities) the business?

3. Can you accept a role as mentor allowing the mistakes of inexperience to become the lessons of wisdom?

4. What should I expect or be entitled to in wages, ownership interest and benefits?

5. Will you protect my future ownership/control from the interference of well-meaning yet inactive siblings?

You have a tremendous responsibility. The future of your operation, the financial security of your family and the legacy of values you leave depend on fair decision making. I wish you the best of luck as you engage the family in this crucial discussion. Please keep me informed of your progress.

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. E-mail questions to SuccessionSolutions@farmjournal.com. Or, mail questions to Legacy by Design, 901 Bruce Road, Suite 160, Chico, CA 95928; (877) 523-7411.