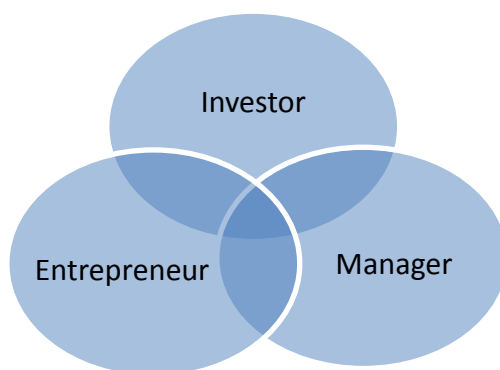


Succession on Farms

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There are three areas in most businesses that are a useful focus for entry and exit strategies when looking at succession in farms.

- Entry points are around operational **Manager** roles and they may phase into **Entrepreneurial** focus with enthusiasm and energy and perhaps later move more into the **Investor** role, sharing in the Balance Sheet and Profit/Loss statements.
- As people look to slow down their physical commitment, they phase out of the **Manager** role but retain a keen focus as an **Investor** providing for their financial security. Many years of experience in running the business means they can often contribute as an **Entrepreneur** with valuable ideas and an expansive network.



Time invested in discussing the personal goals of the stakeholders can add a lot of clarity to how the business needs to operate and is an ongoing process that can evolve over time as people change their wishes and needs. It is useful if all of the family are able to talk about their own aspirations and listen to the rest of the family to gain a perspective of the total picture. They can then collectively look at what the opportunities are in the business relative to what opportunities people are looking for inside and external to the business. The time frames to either maintain the status quo or implement change can also be aligned and agreed.

This is the basis for the business plan and ensures that the business goals are aligned to the family goals, and continues to serve the family as its needs change.

The four steps of the change process

1. **DISCONTENT** Is the mild end of the family of **Angry** emotions, which are **ENERGISING**, like **Happy** emotions. People in these frames of thought get things done, and won't accept the Status Quo!
Sad and **Scared** are **DE-ENERGISING** families of emotions and are a difficult place to make decisions, plan ahead and implement change.
2. **SHARED VISION** Getting clarity around Success for the Family and Success for the Farm. Sharing that vision is involving people in building the vision, seeking input and engaging them in the process and collaborating to ensure buy in to the outcomes as they evolve. It often clarifies how the family serves the business (the "who" and "when") and how the business serves the family. When the family becomes comfortable with the process, it is robust and serves them well over a long period and can endure many changes and new directions.
3. **THE PLAN** Objective goals that are time bound, realistic, and achievable, expressed in a positive frame with detail that highlights the benefits. Takes the 5 (or 4 or 10) year goals and breaks them down into incremental steps, identifying the critical factors to get to the annual goals, and critical skills/behaviours required for each factor.
4. **CAPABILITY** Defining what resources (land, labour, skills, capital, cash) the business will need to ensure no one resource will limit the ability of the business to deliver on the Stakeholders' realistic outcomes. Mitigating risks to build robustness in to the business- not being exposed to the loss of key people, concentrated commodity risk, climatic and economic risks.