

IT'S ALL ABOUT COMMUNICATION - DON'T ALLOW SUCCESSION TO BE AN UNPLANNED EVENT

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Most farming families have an elephant in the room, whether it's death, divorce, debt— or all three. But addressing these is vital to create a robust succession plan. So how should farmers go about starting this delicate conversation?

Many farmers tell us that the conversation is too difficult to have but that shouldn't stop families from pushing forward and making the difficult decisions because delaying or abandoning the hope of a succession plan threatens the future viability of the business, and the very relationships that families hope to preserve. If you are finding it difficult to broach the subject, when is the best time to do so? Having young children may drive discussion to help them decide what qualifications and courses they might need to study knowing their succession routes, so some businesses make plans whilst their children are younger. Quite often one or two family members feel succession should be talked about, and it's up to them to persuade the others, this is often the case in most families we speak to.

If, as a family you can gain agreement to get together to discuss succession then drawing up an agenda of topics that need to be discussed (via email or text can make this easier) and a date for a meeting can help progress this. Some families may be reluctant to attend a meeting or won't commit, and as family you need to make the decision either to plan and run the meeting anyway; or let individual members continue to hold back succession planning.

Although it is tempting to hold the meeting around the kitchen table, it is important to choose a neutral venue, and it is often best to go off-farm for a day. Consider using or booking your local village or church hall and take lunch and refreshments with you; this can help the day run smoothly and avoid interruptions or members leaving the meeting to see to a calving etc. It's also important to ensure someone else is on the farm whilst the family meeting happens, which isn't always easy but will be worthwhile to ensure everyone is fully involved for the whole meeting. Some family businesses also involve the land agent or accountant (or meet in their offices so they are on hand), and having an independent facilitator to ensure everyone gets to have their say.

Everyone who has an influence on the business (even indirectly) should be there, so that includes spouses and potentially their children so all thoughts and aspirations are shared and heard by all the family members. Having a person separate to the business can also help the family stick to the agenda; agree ground rules for the meeting and also potentially keep a record of the meeting. If the whole family has their say then you are more likely to reach an agreement.

Financial details should be clear from the start to facilitate open and honest discussions (i.e., debt and assets) and treating ownership of the land and the business as separate issues, helps the family discussion because the succession plan can be different for each aspect.

Sensitive topics such as retirement provisions, divorce, death and incapacitation, should also be discussed. Families should also consider that at any trigger point, including marriage and births, people should reassess their wills and the succession plan, and they should also consider getting legal documents such as powers of attorney in place at an early stage.

Succession is very much part of a family's governance; it's all about good communication— and the biggest problems usually arrive through a lack of communication.



IN SUMMARY

Communication – it is never too early to start talking about succession issues – whether that is in your family or within your staff team in relation to job roles.

- It can be easier to have these discussions with an independent person present whether it is a succession facilitator or accountant as a starting point, as it is very likely that the different generations within your family will have different ideas and values around what and how with regard to succession
- Once you and your family have a plan for the future make sure you receive legal and financial advice to put it into place and avoid unnecessary financial pit falls.

Business Structure – ownership, governance and business management are often carried out in farming businesses by 1 person, but, where you are looking for succession to take place these roles can be separated with different areas of responsibility giving confidence and experience which can help to make transitions easier between generations.

Retirement – this really isn't a dirty word and means many different things to different people. What does retirement look like in your family? Does it involve moving off farm, reduced hours, an ownership stake remaining or leaving the business completely? Until you ask these questions the ideas of the different generations are unlikely to be aligned! Once you do know plans can be put in place for retirement financial provision.

Guiding principles of a successful succession plan.....

- Be proactive
- Begin with the end in mind
- Think win, win, win or you will loose, loose, loose
- Bring fair does not need to be equal
- Create a professional support team around you to help the process of succession planning

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