

Topic 6: Succeeding Generation

Early in the transition planning process, and before any commitments are made, it is important to **write down** your initial thoughts on transition.

Why is this relevant?

Getting an early handle on what the succeeding generation expects or envisions can identify:

- priorities
- common and differing ideas
- where more research or thought is needed

How will this help transition planning?

1. Writing down initial thoughts on transition:
 - a. requires that people take the time to think through what's really important to them
 - b. helps to get the succeeding generation(s) on the same page
 - c. helps to identify things and raise questions that require additional information
 - d. helps to make sure that things don't fall through the cracks
2. Identifying and discussing your initial thoughts on transition helps to make sure that all family members are more likely to be on the same page.

Instructions

Below are a series of broad questions within more specific categories that require some thought and discussion during the transition planning process.

1. Have all members of the succeeding generation complete the questionnaire. This can be done individually or as a group.
2. Write down your answers to each of the questions or mark them as N/A if they are not applicable to your specific situation.
3. Review the answers between the succeeding generation(s).
4. Include a discussion about your needs at the next transition planning meeting.
5. Compare and contrast your answers with the answers by the retiring generation in their corresponding questionnaire.
6. Follow up where you have identified a need for additional information.
7. Store the documents for future reference.



EXAMPLES:

To give you an idea of what your answers should look like, here are a few examples of answers for each section:

Personal and Lifestyle:

1. What do you envision yourself doing during your working years?
 - Working hard, raising a family, being active in sports (my own and my family's).
2. How much income will you need to live this way?
 - \$70,000 to \$80,000 between my wife and me.
3. If your future is farming, will your income decrease or stay the same?
 - Depends on the salary I negotiate with my parents.

How does this apply?

As you share your answers with the retiring generation:

- Are you discovering needs and wants from the retiring generation that you were unaware of?
- What elements will require more exploration, research and discussion?
- Are there areas that will require compromise?
- Are there areas where you are absolutely not willing to compromise?



PLANNING POINTERS:

- There are no right or wrong answers to this exercise.
- Family members actively involved in the business should complete the exercise.
- Family members who might be actively involved in the business at some point in the future should complete the exercise.
- Family members who are not currently actively involved, or who do not plan being involved in the business, can optionally be included in the exercise.
- Remember, the examples you see in the guide are based on the case study found at start of the guide pages d-j and also in the appendix on pages 219-220.



WHAT TO WATCH FOR:

- The succeeding generation should ideally complete the exercise independently.
- Consider using an external facilitator if you are concerned about some potential for conflict during the discussion.

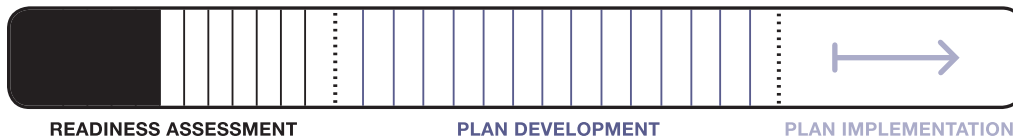


EXERCISE: Go to the forms appendix pages 219-220 (at the back of this guide) for a copy of the Succeeding Generation exercise.

Next steps

Congratulations on completing this topic. You are now a step closer to having a transition plan for your farm. Please proceed to the next topic area on your Transition Plan, but don't forget to add any assigned tasks that were generated by working through this topic.

Planning progress



Succeeding Generation

Personal and Lifestyle:

1. What do you envision yourself doing during your working years?
2. How much income will you need to live this way?
 - a. If your future is farming, will your income decrease or stay the same?
3. Are you planning to purchase any big ticket personal items as part of or immediately following farm transition (house, cottage, other family recreation items)?
4. Are you worried about Mom and Dad not adequately looking after their interests?

Communication:

1. Have you spoken with the retiring generation regarding the transfer of the farm?
 - a. If yes, what has been specifically discussed?
 - b. If yes, have the discussions been formal (ex: with notes recorded)?
 - c. Have you been identified as the successor to the farm business?
2. Have you spoken to any other advisors regarding the transfer of the farm?
 - a. If yes, what has been specifically discussed?
3. Have you spoken with your future business partner (spouse, brother etc.) regarding the transfer of the farm?
4. Do you have regular business or family meetings?
 - a. About business in general?
 - b. Specifically about transition?
5. Have you spoken to your non-farming siblings regarding the transfer of the farm?
6. Do you think it is important that all family members be given the opportunity to talk about their own expectations, goals and objectives — both personal and for the farm?
 - a. Have you been given this opportunity?
7. Are you worried about the potential for conflict?

Education/Training:

1. Have you taken any management development training?
 - a. If so, describe?
2. Have you taken/attended any other courses/workshops (university degree, college diploma, seminar etc.)

Estate:

1. Do you have a current will?
 - a. If yes, what does it say?

Ownership, Labour and Management:

1. Who will own the farm assets post transition?
2. Who will be working on the farm?
 - a. Specifically, if actively involved, what role(s) will you have?
3. Who will be the manager of the farm?
4. What are the expectations for involvement from the rest of the family?
5. Are considerations required for non-family involvement – either in management or ownership?

Financial:

1. Does the farm have a current business plan?
2. Do you know if the farm can financially support everyone's needs or wants?
3. Does this include additional family living costs for the next farming generation?
4. How will the transition be financed?

Timeline:

1. When will the farm transition begin (implementation of the transition plan)?
2. When will it be completed?
3. When will your parents retire?
4. Will the transition be gradual or all at once?