

10 Reasons that Farmers and Ranchers do NOT have Estate and Succession Plans

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Management Succession Planning

*Failure to plan
is planning to fail*

-Ancient Proverb

Less than 40%

of agricultural businesses have a formal succession plan

Management Succession Planning

The first stage of a smooth and efficient transition of ownership, leadership, and management of a business to the next generation.

Of all family businesses:

33% successfully transition to the next generation.

70% do not survive into the 2nd generation.

90% do not survive into the 3rd generation.

10. Lack of local expertise.



⇒ *Attorney?*

⇒ *Accountant?*

⇒ *Coach? Facilitator?*

⇒ *Others?*

9. You are overwhelmed.



⇒ *How do I start?*

⇒ *Too difficult?*

8. Cannot separate ownership from management.

⇒ *Ownership*

- ⇒ *Affected by financial performance.*
- ⇒ *Requires capital.*

⇒ *Management*

- ⇒ *Responsible for financial performance.*
- ⇒ *Requires the rights skills and competencies.*

7. Treat successor as an employee.



- ⇒ *Mentor successor.*

- ⇒ *Explain why, rather than telling to do.*

- ⇒ *Transfer knowledge for success.*

6. No identified successor.



⇒ *Who is interested in taking over?*

5. Unknown and/or unavailable finances.

- ⇒ *Is the business profitable?*
- ⇒ *Is there money for retirement?*
- ⇒ *Sale/gift/lease of assets and business?*
- ⇒ *Transparency?*

4. Won't accept own mortality.

⇒ *No interest in retirement (“will work until I die”)*

⇒ *Will not accept that your life on earth will end.*

3. Want to be "fair" but won't define fair.

⇒ *Equal (all persons treated the same)*

⇒ *Equitable (takes into account differences or circumstances)*

⇒ *Personal and Business.*

⇒ *Amounts? Timing? Desires?*

2. Won't give up control.

- ⇒ *Business defines the operator.*
- ⇒ *Succession is viewed as surrender rather than leaving a legacy.*

1. Poor family communications.

⇒ Talk with family members as partners not family.

⇒ Family Council Meetings.

⇒ Family Business Meetings.

To increase the probability for you
to have a effective succession plan
and to leave a lasting legacy:

10. Find competent, experienced expertise.

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*9. Prove that you love your family by
taking action.*

10. Find competent, experienced expertise.

To increase the probability for you
to have a effective succession plan
and to leave a lasting legacy:

*8. Treat ownership of assets and business
separately from business management.*

- 9. Prove that you love your family by taking action.
- 10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

*7. Mentor your successor.
Explain don't just tell.*

8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

6. Identify a successor or successors.

7. Mentor your successor.
8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

5. Be transparent about finances available for retirement and of the business.

6. Identify a successor or successors.
7. Mentor your successor.
8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

4. Accept your limitations and own mortality.

5. Be transparent about personal and business finances.
6. Identify a successor or successors.
7. Mentor your successor.
8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

3. Determine whether equal or equitable is fair in your family.

4. Accept your limitations and own mortality.
5. Be transparent about personal and business finances.
6. Identify a successor or successors.
7. Mentor your successor.
8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

2. Be willing to give up control.

3. Determine whether equal or equitable is fair in your family.
4. Accept your limitations and own mortality.
5. Be transparent about personal and business finances.
6. Identify a successor or successors.
7. Mentor your successor.
8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

To increase the probability for you to have a effective succession plan and to leave a lasting legacy:

1. Effectively communicate with your family.

2. Be willing to give up control.
3. Determine whether equal or equitable is fair in your family.
4. Accept your limitations and own mortality.
5. Be transparent about personal and business finances.
6. Identify a successor or successors.
7. Mentor your successor.
8. Treat ownership separately from management.
9. Prove that you love your family by taking action.
10. Find competent, experienced expertise.

A Lasting Legacy?

Death is a Part of Life

You Have a Legacy!

- Talk with your family
- Pass on your knowledge
- Continue traditions
- Have documents

Increase the likelihood that your farm/ranch will succeed into future generations.

Prove that you LOVE your family!