

# Farm Family Succession Planning

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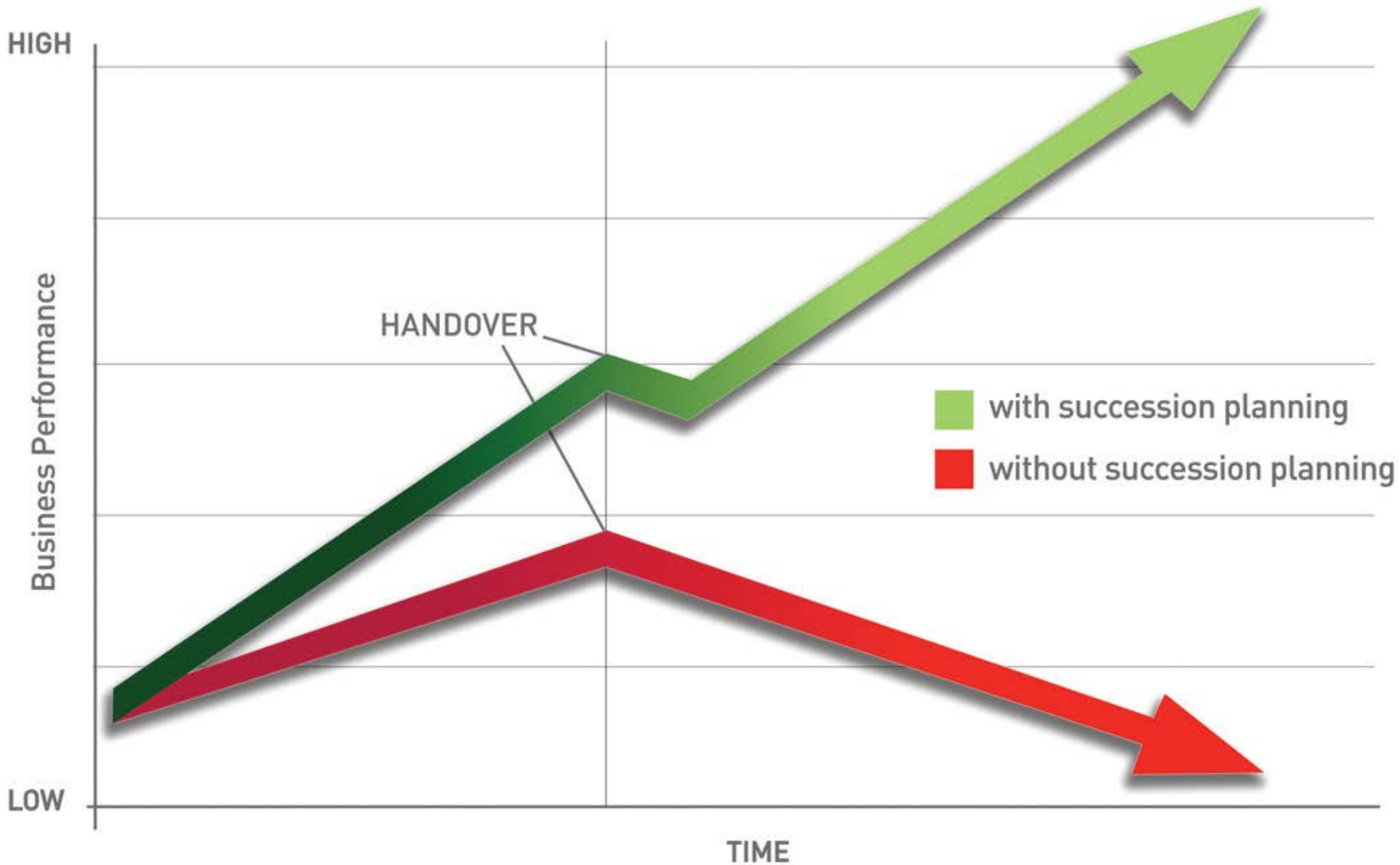
# The story of Joe

- A 68 year old Nebraskan farmer
- Joe has worked all his life on the family farm



# Passing the baton





# Getting it wrong



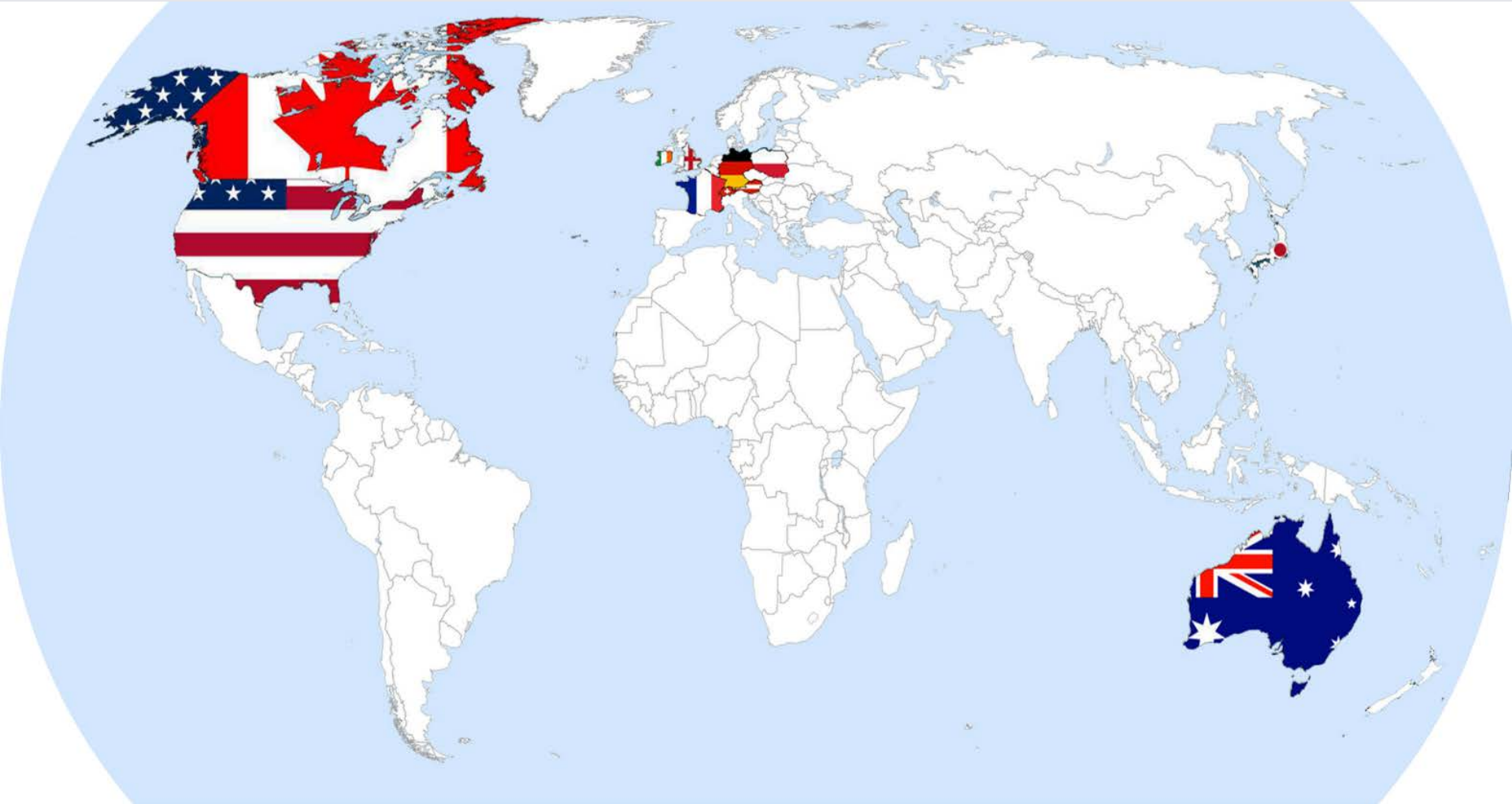
# Some definitions

- **Succession:** The inter-generational transfer of *managerial* control
- **Retirement:** Withdrawal from physical labour/managerial control. Inter-generational transfer of managerial control.
- **Inheritance:** The inter-generational transfer of *ownership* land and farming assets

# The importance of families

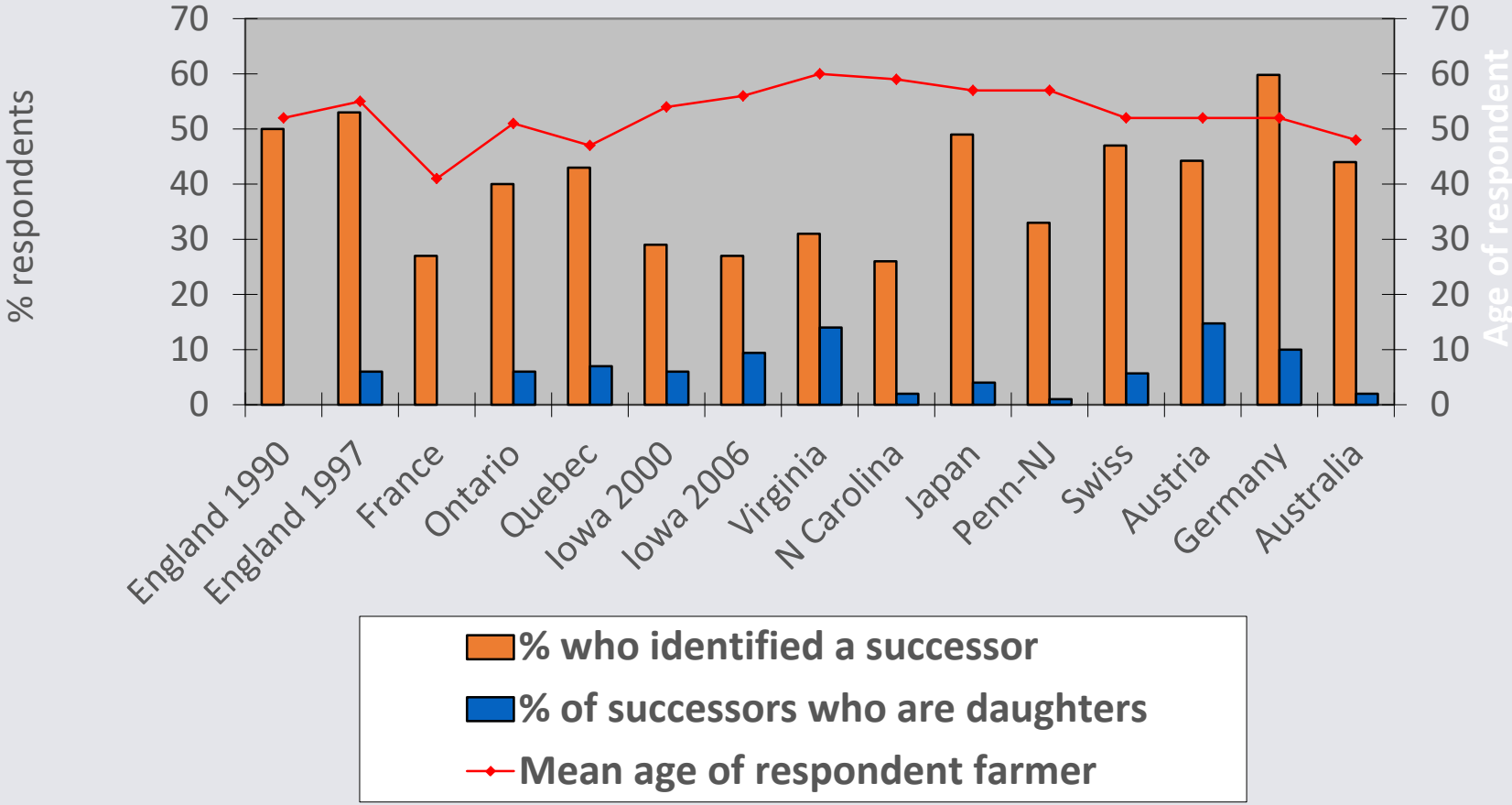
- ‘Familiness’: unique bundle of ‘resources’ resulting from interaction of family & business.
- Generally thought to offer competitive advantage to family firms, where vision and commitment to the business are deeply embedded in family history.
- ‘Emotional ownership’: idea that the business is, in some sense, part of who you are as a person.
- ‘Family capital’ – commitment & participation of family members.

# *Farmtransfers*





# Identification of a successor



# Transferring knowledge and managerial responsibility

- Effective farm management requires the skills & knowledge learned from experience and related to a particular farm as well as from formal education and training.
- The delegation of managerial responsibility is a vital mechanism for transferring farm-specific managerial know-how in a farm business.

# Risks and benefits

- Loss of the business
- Alienation of next generation
- Failure to prepare the next generation
- Older generation 'trapped' on the farm
- Protect the business
- Protect family assets
- Allows successor(s) and older generation to plan
- Remove uncertainty

# Conclusions

- High rates of succession testament to tenacity & persistence of farm families.
- As well as business assets, successors receive transfer of detailed local agricultural and environmental knowledge.
- Repeated transfer of farms down generations of same families in a locality results in farming families deeply socially embedded in their communities.
- Timely succession can act as powerful incentive to grow and develop the business.
- Plan for succession. Plan for retirement. Involve the children & family.