

Marketing

Plan succession strategy this winter



Family Business
By LANCE WOODBURY

ALTHOUGH winter may not bring as much downtime as in the “old days,” the season does allow an opportunity to reflect on what is working in your business. Winter also affords a chance to consider your busi-

Key Points

- Winter's slower pace allows farm families to begin the estate planning process.
- Older and younger generations need to talk about their goals and objectives.
- Getting started in estate planning is the best first step.

ness and personal direction.

I recently returned from a conference with farmers in the Corn Belt where I met several people, older and younger,

thinking about how to transition their farm business to the next generation.

Step by step

A number of steps are needed to make this transition successful. The first is for the older generation to be clear about “the plan.” By “the plan,” I mean they should answer questions like: “What do I intend to do with my time and energy at the completion of a transition?” and “What will I rely on for income when I am mostly out of the management

of the business?” A lack of clarity on these questions can create waffling by the older generation and can lead to jumping in and out of business decisions — which frustrates everyone in the process.

Another step is for each person — spouses, too — to list their expectations about how the transition should occur:

- Does the younger generation want the older generation to be totally out of the business, or can they hang around?
- Does the older generation expect a one-year transition or a 10-year transition?
- Does the management transition (labor and business decisions) match up to the ownership transition (land and equipment)?
- Does the spouse of the younger generation have an opportunity to work in the business?
- How fast can the incoming generation make changes in the work practices or crop mix or calving schedule?

Conflict in a transition often comes from people having different answers to these questions, yet having no process for agreeing on an answer.

Learn from experience

Yet another step in succession planning is to outline the various management decisions made by the older generation and to begin “thinking out loud.” This enables the younger generation to learn from the accumulated wisdom and experience of the older generation. Having regular opportunities for interaction and talking through decisions — whether in a meeting setting or riding around in a pickup, for example — can help speed the learning curve and minimize mistakes.

At the end of the day, the particulars of what you do are probably less important than just getting started. Begin moving so succession is occurring, not just being talked about.

Woodbury works at the Garden City office of Kennedy and Coe. For information, go to www.kcoe.com.

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Energy bill affirms future for biofuels

KANSAS corn and grain sorghum growers cheered the signing of last month's energy bill. The bill includes a 36 billion-gallon renewable fuels standard by 2022. Fifteen billion gallons of that RFS will be grain-based ethanol, creating a strong foundation for ethanol production in Kansas. The remainder of the RFS will be met by other biofuels, including cellulosic ethanol.

The Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association both supported the bill. The Kansas ethanol industry currently provides a market for 117 million bushels of corn and grain sorghum. The state's corn and sorghum growers produced 710 million bushels of grain this year.

“If you want to see the opportunity for cellulosic ethanol to move forward, you need to maintain a strong grain-based ethanol industry,” says Jere White, executive director of KCGA and KGSPA.



1037 Mariner Drive
Warsaw, IN 46582
800.531.9909

#15 Briercroft Office Park
Lubbock, Texas 79412
866.791.1598

Towncenter 1
801 S. Bliss, Suite 101-B
Dumas, Texas 79029
877.935.7770

www.cropins.net
info@cropins.net
www.rangelandinsurance.com