

Stop Avoiding the Planning Conversation

Most farm and ranch owners want their businesses to continue. The land represents a legacy. The assets, both financial and reputational, offer opportunities for the next generation. The senior generation feels deep satisfaction at the prospect of seeing decades of work transfer to younger family members.

Except the conversation about how and when that transfer will happen often doesn't take place.

Plans go undrafted. Estate documents stay outdated. Roles, ownership and timing assumptions remain unspoken. Years pass, and the runway for intentional handoffs, effective tax planning and thoughtful leadership development gets shorter. The younger generation's desire for certainty about the future slips slowly away.

Why do we avoid conversation? Underneath the silence sit several questions the senior generation often hasn't answered for themselves. Until they do, the transition process stalls.

Am I confident in the next generation's ability to lead? There are two concerns at play in this question. The first is whether members of the younger generation have the skills and experience to lead. Do they understand how the business works? Are they capable? Have they internalized lessons one often learns primarily through hardship?

The second concern is whether the next generation can work together. If you've witnessed sibling rivalry or conflict among your adult children or their spouses, it's easier to imagine the partnership unraveling the moment you're no longer the glue holding it in place.

Can the business survive without me? You may believe that no one else in the family business can do what you do. The insight, experiences, skills and tactics required to steer the business exist only in you. This isn't necessarily an egotistical view; farming today faces a unique set of challenges not seen in decades. The younger generation simply hasn't been through it, and the business still needs you to lead.

Is there enough money to retire? Until the cash-flow math is run, retirement feels like a cliff rather than a path. When profits from better years have been reinvested in land, and rent on family land has been held artificially low to help with cash-flow, can the business support a retiree? And, if you haven't planned your multiyear tax strategy for retirement, stopping in any one year is almost impossible because of the

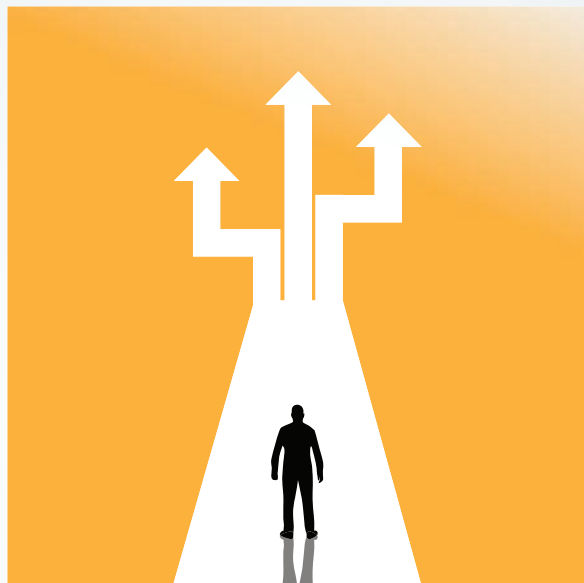
tax cost associated with the asset depreciation and income deferral strategies you've used in the past.

Who am I if I'm not farming or ranching?

Your work is a part of who you are. Being the owner and operator of a farm or ranch business is freighted with social significance and community importance. Your vocation has personal meaning and provides a purpose to your life. Stepping back can feel like becoming invisible. It's confusing, disorienting and deeply uncomfortable.

Agriculture has plenty of challenges—markets, input costs, labor and weather, to name a few. Avoiding the conversation about the future doesn't lower the risk; it adds to it. Waiting another five years to start talking only increases the pressure for the work that follows, which already takes years.

There are real business and emotional issues to address. Some will be uncomfortable. But, avoiding the talk does no one any favors—not the senior generation, not the next, not the business and not the legacy you intend to leave. Ask yourself which of the questions describes your concerns. Then, take one concrete step to help answer it. You don't have to solve everything at once. You just have to get started. ///



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