

# Part 2: Set Your Farm Up For Long-Term Success

Successful family businesses sometimes attribute their success to luck, and luck is famously described as “the place where preparation meets opportunity.” Each opportunity you face in your family farm or ranch is specific to your business or locale based on the people in your operation, the local market or the way your business creates value. However, the preparatory aspects of luck have consistencies across businesses, as well.

In other words, each business grows and is successful in its own way, but what businesses do to prepare for opportunities is remarkably similar.

Last month, I offered five elements of preparation to help you approach opportunities. **1)** Be clear about your own definition of success so you are not trapped trying to make others happy. **2)** Develop a vision for the future of your business so you can quickly say “yes” or “no” to opportunities. **3)** Identify the principles that guide your ownership and management decisions, making it easier to consider strategic options. **4)** Be intentional with your entity structure (the entities that own land, equipment and livestock) for tax, legal liability, estate and Farm Service Agency purposes. **5)** Finally, use a deliberate decision-making process, particularly as your family business expands to include the next generation and possibly their spouses and children. How you make decisions can be as important as the decision itself.

Here are five more elements of preparation and a bonus to round out the list.

**Plan for transitions, including your own retirement and estate plan.** Transitions happen to everyone. Part of being prepared for transitions is talking them through with your advisers and family members before they happen. Successful family businesses have up-to-date estate plans and are continually discussing management roles and transitions.

**Use a sounding board.** Successful family business owners tend to have strong relationships with people inside and outside of their businesses. A few have formal advisory boards. Many more have a personal group of confidants with whom they can vet ideas. Most have a key mentor or two who can help them think through issues. Who do you call on to help you navigate tough decisions?

**Invest in personal development.** Growing your business involves growing yourself. You can find many successful business owners studying important business concepts, learning new management and relational tools, attending conferences or classes, joining peer groups, serving on boards, reading or traveling to other geographies—all to keep learning and growing.

**Have good exit strategies.** It’s easy to take on new opportunities when you are excited. It’s hard to get out of them when you are frustrated. Successful business owners think through what an eventual exit might look like. Crafting good buy-sell agreements, developing strategies to eventually sell a business and planning for contingencies are important aspects when considering your next opportunity.

**Find good advisers.** A friend of mine likes to say, “If you think a good adviser is expensive, try a bad one.” Your accountant, lender, attorney, insurance agent, wealth adviser—even your pastor—can make a significant difference in the trajectory of your business. If your current advisers are not helpful, innovative or collaborative, move on to others. Good advisers are an investment, not an expense, and should produce returns accordingly.

**Bonus: Know your numbers, especially now.** The most successful business owners dig into their numbers to understand what is making money. Their financial information is current. They can run scenarios on new opportunities to aid in their preparation and decision-making as new ventures emerge.

Being prepared for opportunities takes time, energy and focus. Use the strategies from this column and last month’s column to be ready when luck strikes. ///



Email Lance Woodbury at [lance.woodbury@pinionglobal.com](mailto:lance.woodbury@pinionglobal.com)