

Words by Ben Richmond

Steps to succession

Succession planning is a term that has been talked about increasingly in the rural sector yet still seems to be placed in the too-hard basket. The problem is lack of planning for the future doesn't have a tendency to resolve itself and by not doing anything farmers can miss the best future outcome for themselves and their families in favour of letting others decide what is best for them.

The skyrocketing capital value of farms is making it almost impossible for the farm to be retained by one family member as an economically viable business and people are living longer in their retirement and want to enjoy, as they should, their sunset years.

Succession planning is essentially planning for where you want to take your business in the future and what you want to gain from a career in farming.

My first piece of advice is to start now. Whether you're a young farmer entering a new farm, taking over the existing family farm or an agribusiness in the industry, it's important to have a succession plan and the right structure in place.

Communicate, communicate, communicate . . . with everyone. Succession planning can and does affect many family members. Communicate early on by getting everyone in a room so you can gauge everyone's views and set expectations that there will be some awkward conversations to work through. Importantly, you need to agree that you will continue through this as a family.

Fully explore every option and think out of the box. If you start early and have a 10-20 year plan then you have many options. It's not just about borrowing a whole lot. There other ways. Consider whether the family wants to stay on as shareholders, do a share buy-out from profits over a long period or something else.

Establish a common goal. The end goal might be to see the intergenerational farm continue to stay in the family.

Because we are all different, unfortunately there is no right, wrong or easy three-step guide to provide here. For some, seeing the farm pass down in the family might have been the reason to persevere with farming over the years. Others are looking to sell their farm to provide themselves and their family with equity opportunities.

When we are consciously aware of where we are and where we are planning to go, we become more outcome focused and confident at decision making because we know what

direction we want to be heading in.

Don't feel like you have to tackle this on your own. Look to take advantage of the great networks of independent advisers that can help get the conversation started and help you navigate through the touchy topics.

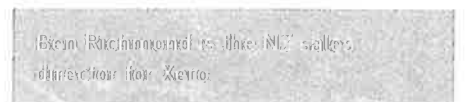
Some of you will be thinking "this doesn't affect me as I'm not close to retirement – I'm a young farmer with a young family and I can wait another good 30 years before I start addressing this". While this is a convenient outlook to have, it's not true. Everyone should be looking at succession planning no matter what stage of life they are at because succession planning is effectively planning for the future and what you want to see achieved out of growing your business.

Before involving the kids, start with your partner – determine what you both want to achieve and involve the kids once you have a fair idea about the direction your business is heading.

The hardest part is actually addressing your and your family's feelings and building a plan for the future based on that. Once a clear path forward has been established, steps required to reach the goals you have can be put in place.

The key is to understand that once you have a robust plan in place it's easier to adapt and alter this plan when life happens than continuing to keep your head in the sand and hope for the best.

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