

BUSINESS SUCCESSION A STARTING POINT

They knew it was important, they knew it was necessary. When a family death occurred, it wasn't a surprise; at their age health status, it was an outcome which faces us all. The family still wasn't prepared and the business/farm succession intentions were not clear. The inheritance rules, family feelings, and business realities created a rocky future which the family may not survive. This happens far too often.

Transition is going to happen. Procrastinating on the planning is a choice, until the day it is not. If you're the leader of the business, it's your responsibility to initiate the succession planning process. The story above is about a real family, and it happens every day. You might believe that succession planning is optional and that if you don't plan, it'll still work out. Well, it doesn't happen that way!

If you don't have a written plan for succession, isn't about time you do? If you do have a plan, is it time for a review? Here are a few tips which may help.

Everything changes—family, operations, economies, dollar values, career goals, regulations, tax laws and farming methods. Plans need to be reviewed on a regular basis and adjusted for changing situations in the family and the business. A relative of mine was insistent on making changes quickly when a family member opted for full time off the farm and part-time involvement. He may have sensed his weakening health, but the changes were very helpful when he passed away several months later. Not many of us can sense our health status so well.

Nothing is insignificant; each step in the planning process makes a difference. There are lots of feelings and points of view to consider. Indecision is a choice, and it's never the right one. Avoiding decisions in the planning process can affect the entire plan.

Don't assume anything, if you don't know, explore the situation. Many times plans are of little help, because the person making the plans did so from their thoughts without ground trothing the ideas. A quick way to understand this concept might be to think about the number of times you knew exactly how your spouse felt, until you were roundly corrected, maybe even in public.

Your succession plan should be based on your goals, not an adviser's capabilities. Make sure the advisor group is professional enough to focus on your needs, not fit your desires to their plan. Don't be afraid to fire 'em and find the professional more interested in helping you and not themselves.

The planning process can be long, but the journey is worth it. Succession planning is a transformational process for the family, partners, investors and valued workers in the business. Succession plans have to connect to estate plans, various powers of attorney and other family planning documents. It starts with commitment. The most important commitment is to start and keep moving.

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