

Views from VanDeWalle

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Farm Family Transition & Stressors

The agricultural economy is no stranger to stress. Stress from difficult weather, stress from low commodity prices, production risks and many other reasons contribute to the stress for our farmers and ranchers. One of the constant pressures and stressors family operations deal with is the successful transition of the family business to the next generation.

Recently, Dr. Ron Hanson spoke at a Farmers & Ranchers College program on “Strategies for Family Farm Success in the Shark Tank.” Hanson has been working with farm families for over 40 years and reminded participants that money, wealth and property, especially land always put a family’s relationship to the test. His analogies to sharks indicate that some families have “predator sharks” that lurk parents’ property or belongings, waiting to make a move and take a “bite” into family wealth or estate. An effective management strategy is to put yourself in the shark tank and begin addressing difficult situations and questions that might arise from uncertainties in agriculture.

In order for families to be successful in transitioning the family farm or ranch, contingency planning must occur. Contingency planning, sometimes referred to as business continuity plans simply account for planning for the unexpected. “Developing and then implementing a business management plan to overcome unexpected changes to the ownership structure and management leadership is crucial for the continued success of the operation” (Hanson, 2020). Contingency planning is not easy and can result in a lot of emotional stress and even conflict, but families that are willing to work through and plan this before a life-altering situation occur are more likely to ensure their farming or ranching legacy will continue for future generations.

Hanson reminded participants that some adult children in the family may already feel they are entitled and that their parents’ estate is the children’s estate. Parents have the right to divide their estate as they wish and letting everyone involved know before they die can prevent huge family fights or court fights down the road. It is sad that family wealth can destroy family relationships and put an end to a family farm legacy. Transparency in estate planning is important for all involved.

Handling the stress and potential conflict upfront can reduce the stress, fights and issues that might occur when a tragedy, family illness or death occur. Dealing with large and unexpected events is stressful enough, so why not make a plan in advance so time and focus can be spent on the situation at hand? Hanson recommends farm and ranch families adopt five guidelines or planning steps to accomplish this process.

1. Adopt a vision. What is the vision for the future of the family farm/ranch? What is the legacy the parents wish to leave? *This starts with the parents.*
2. Draft ideas into a plan. This is where the parents must sit down with family members and discuss expectations of each family members. A planning document must be put in writing.
3. Organize planning resources. Families must work with an accountant, farm loan officer, estate or wealth planning specialist or an attorney. These people have the expertise and



- can assist the farm family implement the plan.
4. Clarify family member assumptions. Arrange for a family meeting so all adult children are aware of the plan. Any existing jealousies and resentments should be resolved and feasible solutions found.
 5. Take control and set deadlines. Take action and get the planning process started. Break down the plan into stages so that the planning goals make the plan become a reality.

Family farming and ranching has many external stressors which cannot be controlled such as commodity prices and weather. Don't let lack of planning create additional stressors in your life.

EXTENSION PROGRAM ANNOUNCEMENT

Nebraska Extension is fully committed to the health and well-being of Nebraskans. In a disease situation like COVID-19, the principle of social distancing is one of the main methods that can be used to help reduce the spread of the disease.

Chancellor Ronnie Green has issued guidance that all UNL classes will move to 'remote' modes. To be consistent with that guidance, Nebraska Extension will, whenever possible, provide Extension programs remotely (video or teleconferencing) but will not provide in-person Extension programs, at least until May 9. We recognize that this practice may create some level of disruption relative to the important information we provide to Nebraskans. In addition to our 'remote' course offerings, we encourage Nebraskans to visit extension.unl.edu to access a wide array of online information.