

Kick-start Succession Conversations



The day I caught up with famed farm family coach, Elaine Froese, she had already had two conversations with folks who cannot bring sibling partners to the table. Words like “avoidance of conflict”; “bullying” and “silence is a form of violence” tumble out of her.

“Procrastination and conflict avoidance are the root of the issue for farm families being stuck,” says Elaine Froese.

Find harmony through understanding

Many farm families are still getting stuck. Compared to five years ago, the percentage of farms without a farm succession plan has increased to 84% from 80%. The 2016 Agri-Food Management Institute survey of Ontario farmers found only 16% of the farms had succession plans, although it was in the overall top three goals, right after profitability and debt reduction.

This is likely because succession planning involves talking about death and finances – two topics most families often avoid. Even thinking about losing a loved one can be painful and terrifying for some people plus succession usually requires discussing estate plans, and that can be loaded with a whole other basket of emotions.

The younger generation finds it intimidating to ask for something that’s so valuable - financially, traditionally, and emotionally – and that the parents have worked so hard on. And some parents, who maybe are finally feeling financially stable, and are frightened that transition will topple the boat again or take it in a riskier direction.

Young farmers are always asking Froese, for tools to get the succession conversation started. “Some young farmers are scared to talk to their parents out of a sense of respect and not wanting to seem pushy,” she says. However, these young farmers have so much at stake for things to be discussed openly and they cannot keep their plans on hold forever. She has found that they really just want to explore the timelines for the plan.

To help farm families struggling with succession, Elaine Froese and Megan McKenzie, both from Boissevain, Manitoba, have joined forces to develop a new on-line course, called **Getting Farm Transition Unstuck**. It is available at <http://elainefroese.com/unstuck/> and costs about **\$750**.

Although many farm production or tax specialists say the best course of action is to deal with the business and keep the emotion out of it, over the years of helping families Froese has found the exact opposite to be true.

“Deal with the emotional factors affecting planning first, and then you will have a great foundation for being clear on expectations, creating timelines for agreements, and a commitment to action,” she says.

Before plans can be effectively created there has to be transparent, honest, clear conversations that attack specific issues, not the people, she says. A foundation of trust and understanding is required for each generation to negotiate what they want to see happen with the future of the farm.

Negotiating succession is not like bickering for the best deal on a used tractor. Instead, it requires giving and taking with respect and expressing emotion plus seeing the needs of the others.

To be able to do this well takes an understanding of constructive conflict behaviors, such as seeing things from another’s perspective, expressing emotions, adapting, creating solutions, reaching out, reflective thinking and delaying responses, which Froese says is different from stomping away mad to the shop.

She says to resist the urge to jump to the decision-making stage; take some time for easier information-gathering conversations.



“Farmers love to wheel and deal, but they are not fond of disclosing their fears, wants, needs and emotions,” says Elaine.

“That is where good facilitators hold the sacred space of deep sharing of core values.”

Talk openly about what the business means to each family member. Also, talk about the fun memories on the farm or ranch, about the legacy created by hard work and sacrifice, and everyone should share the hopes and dreams for the future.



The Do's and Don'ts of Succession Conversations

The Don'ts

1. Don't wait until a time of crisis to start the conversation. It might be too late to make adequate plans and family members may not feel emotionally able to talk. Pick a positive, comfortable environment during a period of relative calm.
2. Do not gossip. Instead of talking through other people, speak directly to the person involved or better still have formalized discussions to unpack tough issues.
3. Do not try to read people's minds. Assumptions create confusion and mistrust. Look each other in the eye and ask deeper "What if?" questions.
4. Do not expect the other person to start the conversation. Either generation may start the conversation. Keep in mind that it is just a conversation does not need to reach a conclusion, it is more of an information-finding mission, and you will need many more.
5. Do not expect your advisors to come up with all the solutions. "They can give guidance, but ultimately the choices are yours as the owners to make the decisions that work best for you," says Froese.
6. Do not use abrasive comments or stifling language. The next generation needs to show up with respectful behavior and gratitude for the opportunity being given, says Froese. Strong words can shut the conversation down. "Do not use you always or you never," she says.
7. Do not assume or enact an age restriction. Age is not an indicator of passion; it depends on what each person brings to the discussion.
8. Do not keep family secrets or surprises. It's a sign of family trust and respect to let the non-farming children hear the passion and vision for the farm business plan. They're very astute as to the players, personalities, and issues and can be a great resource for creating solutions. Let them decide the level of involvement they want. "They probably have other skills that can translate to great support for the farm, for example, Internet research, strategic thinking, systems and process management," says Froese.

The Do's

1. Do know the retiring farm couple's income stream needs. Where do they want to live? What's size of their personal wealth?
2. Do know the financial viability of the farm and share it with the next generation. How many families, and at what lifestyle income level, can this farm business support? The older generation should share farm financial information with the next generation.

Froese says knowing about debt servicing, cash flow, and input costs is a great education in reality for teens.
3. Do come with a workable vision. The older generation couple should start by agreeing together before they even talk to successors. Froese says farmers often reject thinking about the future because of fear of getting older and change.
4. Do clearly state why you are initiating these talks. This might include why you want to get involved in helping make transition plans, for example out of concern that proper plans are in place and understood. Stress the importance and benefits of this conversation to everyone.
5. Do use someone else's story to get started. Real stories can be big motivators. Froese finds it helps to normalize the fears and apprehensions families feel when they ask for help. She lets her clients know she has seen this many times before and they are not alone.
6. Do listen actively and carefully respond to concerns. It is important to keep moving forward. Start it up softly with "I have been thinking..." statements.
7. Do ask more powerful questions. "What do you want...?" or "What if?" questions. Froese suggests keeping a notebook on your phone or paper as new solutions strike you and actively look and compile transition ideas from advisors, magazines, and examples of other successful farm transitions.
8. Do understand debt. How much debt can farmers sleep with, as they are going to be shouldering the debt of buying out some assets. Some assets will be gifted, but don't expect it all to come your way. The non-farm heirs can have assets like land that they lease to the farm kids with long-term rental agreements.

As you go forward...

- Do choose successors based on skill sets and passion to manage farm risk, not gender successors to work for a non-family member for a few years.
- Do start by setting down a timeline. "Deadlines make people think," says Froese. Saying, we need to know by the time you are age 27, whether you are going to be a committed member of this farm team. Would you like to start owning some equity or do an enter prise project to get started farming, such as cropping, custom spraying or owning live stock. Start with a business plan that the young farmer can tweak and manage to get some "skin in the game."
- Do have a family meeting with the non-farming heirs, shortly after the process starts. They're curious and engage and might be willing and able to help. If they are concerned about who is getting the best deal, ask if they're willing to take on the risks the farming siblings take on? How much is enough? What do they realistically expect the farm to give them?
- Do know that money does not equal love. Some folks are never happy no matter how much they are given, and Each person needs to be clear about his or her money scripts and what money means to them ...a farm kid who has toiled

alongside her parents for years deserves a chance to take over. She is not responsible for the wealth of the siblings but could be raised in a culture of making sure everyone is doing well. I know a farm family that has promised to be a safety net financially for an urban sibling who has been divorced. "There are many ways to distribute wealth, but one of the best ways is with a warm hand as parents so that you can explain your intent for the gift, and the recipient can say thank-you and grow the gift." Some folks will never be happy what is decided, let their angst go.

- Do consider hiring a facilitator. As the family detective, facilitators like Froese, find out what everyone's expectations are in private conversations. Inheritance expectation conversations are easier when life insurance, good financial personal wealth plans are in place, and the founders don't need a huge income stream ongoing from the farm.
- Do have patience. "This is a long process of unfolding ideas and putting a new business plan puzzle together," says Froese. "It is not a Roundup quick fix solution." It will involve many conversations and explorations about how each passionate person perceives their role fitting into the bigger picture legacy for the farm.

This piece was written by Maggie Van Camp, Associate Editor of Country Guide and appeared in their march issue.



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