Agriculture & Horticulture
University of Wyoming Extension

HOW-TO

# What is your management succession plan?

*As the sun set over the corn field, Warren sat in his truck, looking at the pivot that still wasn't running. He had been holding back saying anything. The corn field was his son's responsibility after all. He remembered back to the conversations they had last fall. His son wanted to take on more responsibility. So, Warren told him to take over the management of their four corn fields. Rick was responsible for everything, including irrigation.*

*It was obvious the corn was drying out and he couldn't understand why Rick didn't see that. He had thought that, working together, Rick had learned to make these decisions. As he considered it further, he realized that all the times that he had checked the corn, Rick would be off checking fence or working on the equipment, or doing something else. Warren realized he hadn't done as good of a job as he thought preparing Rick to take over. They needed a better plan for passing on the knowledge he had and transitioning the management responsibilities. He worried that if something happened to him Rick wouldn't know what he needed to, to keep the farm running.*

*How can Warren and Rick make a better plan to pass on the day to day decision making knowledge for the farm?*

## Management Succession

Farmers and ranchers looking to one day retire know that estate or succession planning includes consideration of taxes, wills, probate, powers of attorney and so forth. They also realize that putting a solid estate plan together likely involves an attorney, an accountant, and perhaps a tax professional. While these details are important in the process of passing on legal ownership of the land and other assets, they do not

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address the passing on of day-to-day management of the operation. Nor does the approach cover preparing the next generation to take over when the time comes.

Many believe that the son, daughter, or other successor who has been working alongside them for years has picked-up all the needed management skills and is ready to make the big decisions alone. Yet, there is often a hesitancy to pass on this right.

However, this leaves open the question, "How do we pass on these skills in such a way that we feel confident in the next generation's ability, not only to continue in our footsteps, but also to carry on our legacy?"

## Where do we begin?

The most intimidating step with any new venture is often the first. While there are many ways one might go about beginning the process of transitioning management skills for the farm or ranch business, starting with three, basic questions can be helpful, these include: "Where are we?", "Where do we want to go?", and "How do we get there from here?"

## Formalized Succession Plan

Following a formalized plan is certainly not required; however, doing so can help ensure that critical steps are not overlooked along the way. Here we present one option for a formalized plan to work through the transition of management skills to the next generation.

## Succession Plan Components

The method consists of seven components, including:

1. Executive Summary
2. Business Overview
3. Strategic Plan
4. Retirement Plan
5. Succession Planning Process
6. Financial Plan
7. Contingency Plan

Viewing all these components together can be intimidating. Having a formal process to move through one step at a time can help to make it feel more manageable, while providing everyone an opportunity to be involved and get onto the same page.

# Strategic Plan

The strategic plan for both founders and successors to share input on goals, their associated cost, and alternative approaches for achieving them. It consists of drafting:

1. Values
2. Vision Statement
3. Mission statement
4. SWOB analysis (Strengths, Weaknesses, Opportunities, Barriers)
5. Strategic goals
6. Implementation plan
7. Monitoring plan

# Written Plan Segments

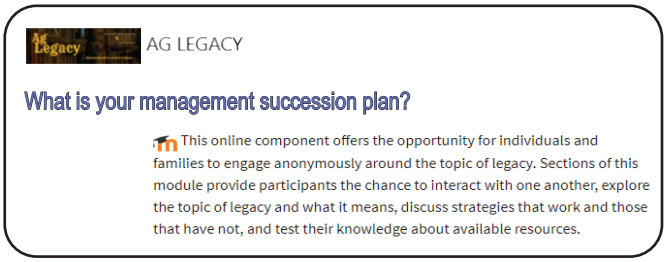
Once the founders and others involved have advanced through these initial steps, they are ready to begin planning for succession and the transition of management responsibilities. The written plan can be broken down into seven components, including:

1. Establish a timeline
2. Establish a planning team
3. Select the appropriate successor(s)
4. Develop a written plan
5. Communicate the plan
6. Plan for retirement
7. Enjoy the years ahead

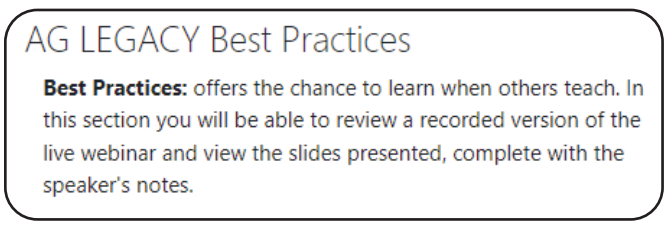
Succession, first and foremost, should be understood as a process. It takes time and may not always go smoothly. However, having a formal, written plan to refer to can help everyone feel a part of the process. It is also important to remember that even the best plans will never substitute for strong relationships and a dynamic team spirit; these are inspired by a sense of being valued and appreciated for one's contributions.

# Online Module

AGLEGACY.org hosts a set of online modules to allow individuals and families to explore legacy concepts further. Modules are available free of charge to all who are willing to register to participate (self-registration is available 24/7).




Modules, posted in Moodle courseware, offer the opportunity for individuals to engage anonymously around the topic of leaving a legacy. Sections of this module provide participants the chance to interact with one another, explore the topic of leaving a legacy and what it means, discuss strategies that work and those that have not, and test their knowledge about available resources. Each module includes several components to allow participants to engage the topic from several different perspectives.




## Best Practices -

Best Practices begins with a short recorded presentation on the topic. Slides with narration is one format, but materials are also available in audio-only (MP3) format, as well as a version with the slides and accompanying narration as text, for those more comfortable reading the presentation offered. A short Q&A session

AG LEGACY Ideas to Build On

**Ideas to Build On:** offers the chance to learn by observing others. In this section you will have the opportunity to engage in a discussion forum. You will have the chance to share what has worked for you and to learn what strategies others have used and how they worked as you each react to the posted discussion questions.

offers participants the opportunity to hear others' questions and the presenter's response.

## Ideas to Build On -

Ideas to Build On offers discussion questions for families or individuals to respond to. These responses might include relating what has worked for you or stories you have heard of techniques that have worked for others. In addition, you might also learn what strategies others have used and how they worked as you each react to the posted discussion questions.

## Tips for Success -

The Tips for Success section offers a set of AGLEGACY newsletters for further reading, as well as a chance to teach others about resources you are aware of, approaches you have tried and that have worked, or to describe methods that families you are familiar with have used. In this way, you may uncover new ideas for yourself or help others refine an approach they might try.

AG LEGACY Tips for Success

**Tips for Success:** provides a chance for participants to teach others about strategies that have worked. In this section you can teach others about resources you are aware of, approaches you have tried and that have worked, or describe methods that families you are familiar with have used. In this way, you may uncover new ideas for yourself or help others refine an approach they might try.

AG LEGACY Practice

**Practice:** allows participants the chance to learn by practicing the concepts covered previously. Practice may include completing an assignment, submitting a document you've prepared for comment, or checking your knowledge level with a short quiz.

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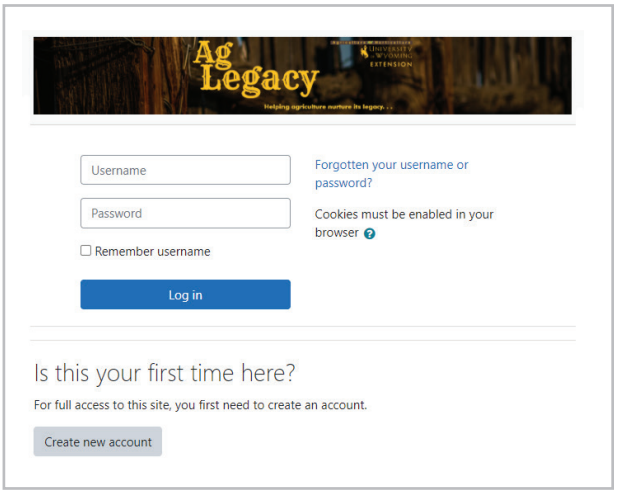
## ACCESS:

To access the online module, point your browser to **AGLEGACY.org**. Click on the Modules tab (at the top) and select any module from the list with a Moodle icon.

Click a title to begin your registration process if you have never registered for an Ag Legacy module before. Then click the Create New Account button to enter your registration information. An email message will be sent to the address you enter that includes a link allowing you to finalize your registration once you complete the form. Now login and enjoy your AGLEGACY online module!



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