

## Plan to succeed, and survive

KATHERINE MAITLAND

**With approximately 80% of Australian farming businesses family-owned and operated, developing an agreed strategy for inter or intra generational transfer of assets and responsibility can be critical for family members and the future of the enterprise.**

Developing a strategy for transferring assets and management authority to the next generation can reduce personal stress and ensure continuation of successful farming businesses.

Taryn Baker Agribusiness Consultant for Rural Directions Pty Ltd, says succession planning is a process, not an event.

“Succession planning involves managing the transfer of ownership and management of a business and its assets between generations,” she said.

**“Every succession plan and its process are unique and cannot be ‘cut and pasted’ from someone else’s experience.”**

“And the agreed plan, once it has been developed, needs to be formally documented so everyone involved in the business and the family can understand how it has come about.

“The documentation needs to include what processes, thoughts, understanding and actionable steps were involved along the succession journey. The aim is to give everyone involved with the business, including non-farm children, a clear picture of the process and its outcomes and an understanding of the future for the business and its assets.”

Given the personal and business complexities that can be encountered it makes good sense to start succession planning early, she said.

“Starting the succession planning process early is likely to ensure there is time to identify all the personal issues, review the viability of the business and develop strategies to address the issues identified.”



RURAL DIRECTIONS AGRIBUSINESS CONSULTANT  
TARYN BAKER.

According to ‘Australia in the Asian Century’ White Paper, (KPMG Report 2012), in 2011, the average Australian farmer was 56 years old. Many of these farmers have no exit strategies and may be forced to continue working at reduced productivity, Taryn said.

“The process of developing a succession plan provides an opportunity for business owners to discuss all the possibilities and explore a range of scenarios before settling on a structured plan of action without the stress and pressure of a sudden death, terminal illness or divorce.

“With a documented plan developed through a structured process everyone knows what is in the plan, how it works and that everything and everybody is accounted for.

“Succession planning is right up there with funeral planning. No one wants to be the one to bring up the ‘elephant in the room’. It’s there, but let’s not

acknowledge it. Unfortunately, and all too often, these vital discussions occur under pressure when a sudden change in circumstances forces the individuals to face the issues.”

The first step to developing a succession plan is to seek advice or information, possibly from participation in a workshop, then talk about the options with a professional, Taryn said.

“Part of any succession planning process should be a financial analysis of your business. By reviewing your critical business benchmarks you can determine how your business is tracking and where it is headed.

“Having a realistic overview of the business and its finances can also benefit discussions with family members, especially those off farm.

**“There is quite often a misconception that the family business is a ‘gold mine’, when in fact the on-farm family may not have made a profit for some time.”**

“I have seen many different scenarios played out, some incredibly great and some not so good, in the 10 years I have been involved in succession planning sessions with families.

“Sometimes the successor is the person you least expect. The person who has the passion and the drive to continue the family business is not necessarily the person who has been working in it alongside Dad for years.

“That’s why business owners need to plan ahead, so everyone’s goals and aspirations are met and the succession journey can be a timed, staged and a positive experience for everyone.”