

Succession Planning – a process not an event

In recent months I have had a heavy involvement in succession planning in various forms for rural businesses. Some assignments have involved those in quite senior years dealing with final transfer of assets and management of their affairs as they move into full retirement. Others have included separation of long term family partnerships or developing strategies that will enable the next generation to enter the operation.

Regardless of the motivation, it is clear to me that a proactive approach to managing succession is a key determinant of success. Priority must be to avoid any temptation to think of this as a "one off" event. Success is dependent on a plan that builds on open and relaxed discussion of expectations for all involved. It also requires a business culture that makes dealing with strategy selection, establishment of asset values and managing transitions positive and realistic.

A significant risk any to succession plan is that some stakeholders may struggle to fully disclose their expectations and intentions. This may be because the succeeding generation has yet to prove their career pathways and capabilities and the senior parties not have full confidence in them. There can lack of commitment for those who established a business to step back from its farming operation. This increases the risk of interference or incomplete delegation.

Dealing with these issues often means there needs to be a series of courageous conversations. It is not easy to express some of the sentiments around business and strategy -- especially when they are complicated by family relationships. A series of smaller meetings will be more effective than one long "sitting"

Clearly, the longer succession planning is delayed the more complicated the required solutions are likely to be. Keeping succession planning as a "live issue" within the business as part of regular strategic reviews is a real advantage.

Equally valuable is a focus on establishing forums in which the discussions can be held in a planned and professional manner. Succession planning is not the stuff of dinner table discussion.

Involving an independent professional to facilitate discussions has a real benefit in diffusing tensions and deflecting issues that may require a time to reflect rather than being dealt with as "on the spot" decisions. This approach could even include establishment of a management group involving accountancy, legal and agribusiness advice that allows issues to be debated before those who have the final say make the decisions. This is especially useful where the younger generation have strongly held views that challenge the preferences of the retiring generation.

Strategies must be balanced and recognise that the policies and systems that ensured business success in the past won't necessarily be the same as those that will make it succeed in the future. New technologies, new approaches and ways of thinking will offer opportunities to fast track towards progress. New entrants to the business will have ideas and aspirations that need to be accommodated if the plan is to deliver.

The younger generation entering farming have often had training, careers and experience that mean greater understanding of and enthusiasm for technology. This

can mean they wish to adopt systems that initially seem foreign to those more experienced in the primary sector. It will be important that any plan balances this band allows the business and its participants to profit from such management approaches.

Finally, to achieve synergy the plan must accommodate differing personalities, their competencies and goals.

Succession is just one of the strands of a well thought out and executed strategy. Whether it involves family members, joint-venture partners, investors or staff identifying pathways within the business, succession it will not manage itself. Paying attention to it is critical to growing management teams that thrive on delegation while allowing those who have pioneered the business to move to new horizons. Done well it is a very satisfying and mutually rewarding process.

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