

Transition Planning Guide

for Agribusiness



Transition Planning Guide for Agribusiness

The surest way to reach a business goal is to plan on it. Successful Manitoba agribusiness owners are focused people. They have clear, flexible, short and long term business plans – and they monitor and revise their plans regularly.

Whether you're starting, growing or passing along your business, you need a solid business plan. Manitoba Agriculture, Food and Rural Development (MAFRD) can help you build a plan for success.

Successful transition planning involves looking ahead and planning for the future. Leaving behind a healthy business is important to keep it viable and profitable for the long term. Use this resource as a guide to create a transition plan for your agribusiness. Learn about the transition phases by following the case study, select one transition planning approach, and complete the exercises to help you build and implement a strong plan.

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This publication is available in multiple formats upon request.

Aussi disponible en français.

Introduction

This guide is designed to be a tool for transition planning to help position your farm or agribusiness to be successful in intergenerational transition.

Transition planning, or commonly referred to as succession planning, is the intergenerational transfer of ownership (capital), management and labour. It is not a single event or a series of meetings with advisors. It is a process — a process that can be thought of as business continuity planning.

A business must be healthy heading into transition planning, remain healthy through the process and emerge as strong as or stronger than when the process started. A well-developed transition plan should complement the strategic direction of your business.

What are the goals?

What are the values?

What is the vision?

What do you want?

Where will the business be in the future?

Where will the farm and family be in the future?

Setting the strategic direction helps to keep ongoing farm management in sync with the intergenerational transition. It increases the likelihood that the agribusiness will remain viable and profitable through the transition. Families working on their transition plans often overlook this critical piece. If the planning does not leave a healthy business in place, the transition plan will fail.

About this guide

This guide can be used by farm families or agribusiness owners who want to work through the transition planning process on their own. Advisors can also use the guide to help assist with the development of the transition plan.

The guide takes you through three phases of the transitional planning process: readiness assessment; plan development; and plan implementation.

After an initial planning meeting with family members and others involved in the transition planning process, you will identify one of the five planning approaches which best suits the needs of your business: comprehensive approach; condensed approach; estate planning approach; ownership transfer and tax strategy approach; or user-defined approach.

You will work step by step through a series of topics to help develop a complete transition plan. The appendix contains removable forms and worksheets to record information and help guide you through each topic.

These forms can be stored in the folders provided at each planning phase of the guide.

A realistic, but fictional case study has been included to help you identify with the examples included in this guide.

The examples throughout the guide will give you an idea on how to complete the exercises that are associated with the topic areas.

To begin, read this guide including the case study and be familiar with its contents. Include those family members who will be involved in the transition planning process as well.

Note: Family farms and family agribusinesses can use the same process to direct them through the transition. The Transition Planning Guide for Agribusiness references 'farms' and 'farmers' throughout the guide. Families who work in an agribusiness can use the guide to help them with transition. Simply interchange 'farms' and 'farmers' with 'agribusinesses' and 'agribusiness owners'.

The financial performance, management examples and exercises in the guide are not applicable to agribusiness. Both topics are applicable - just not the examples and exercises.

Icons used in this guide

This guide uses these icons to alert you to useful information.



EXAMPLE



PLANNING POINTERS

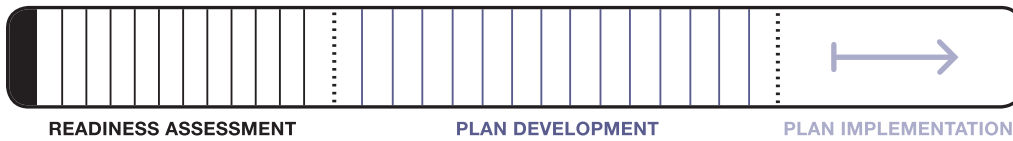


WHAT TO WATCH FOR



EXERCISE

If you chose *Option 1: Comprehensive Approach* to help build your transition plan, this icon will indicate the stage you are at in the planning process.



Other considerations in the transition planning process

As you work through the transition planning process, here are some other points to consider in the planning process:

1. If you have concerns about some of the typical challenges associated with transition planning – dealing with entitlement, fair and equal, compensation, farming and non-farming children as examples – you may want to read Topic 14: ‘Challenges in Transition Planning’ before starting your planning process.

Topic 14 provides an overview on twenty of the more common challenges families encounter in transition planning.

2. You can expect to have differences of opinion within the family as you work through the process. Having differences of opinion is okay. **All families experience them.** Here are some tips on how to deal with differences of opinion:
 - Give family members a chance to voice their opinions.
 - Make sure that everyone has a good understanding of the different opinions.
 - Get the facts associated with the opinions.
 - Focus on the opinion and not the person.
 - Give people time to think about what they’ve heard.
 - Try parking a difference of opinion and come back to it later.
 - Try to come to consensus on the issue.
 - If you are having trouble, or are worried about the potential for conflict, think about using an external facilitator.