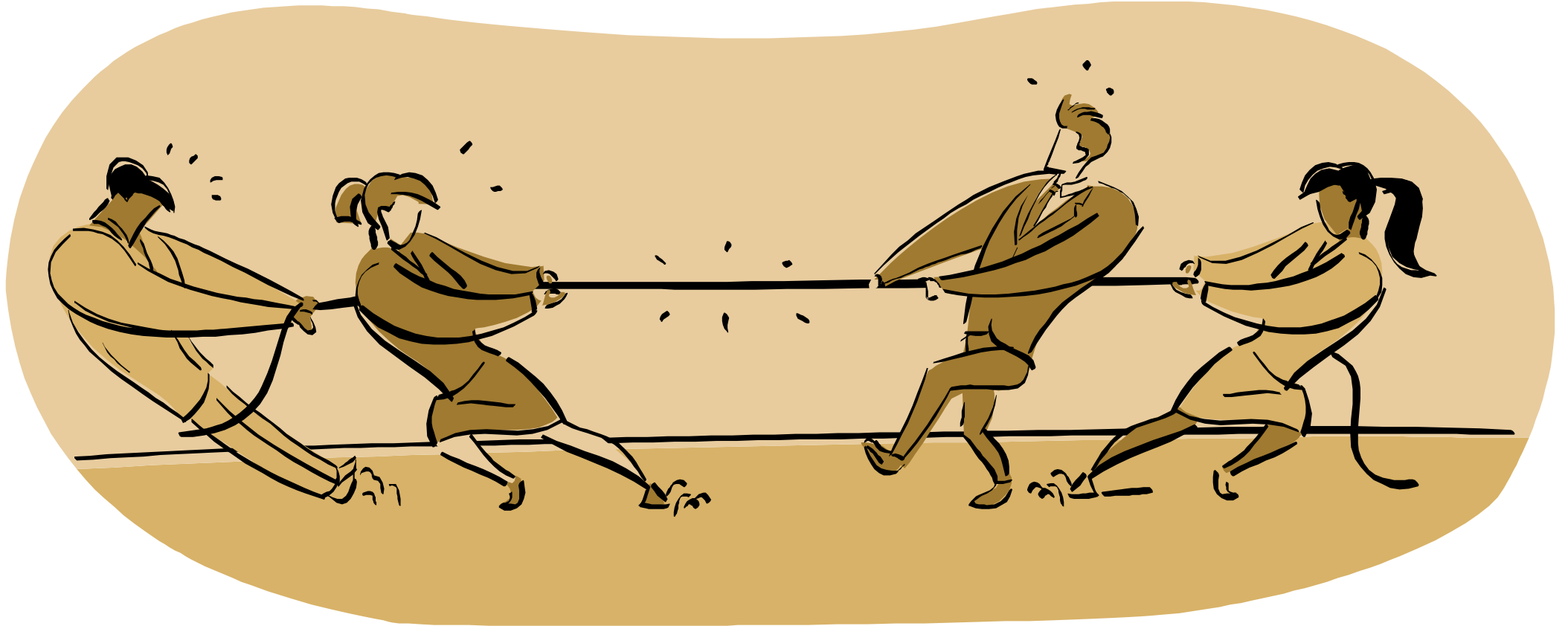




Power Transfer

Gregg Hadley, PhD
Charlie Griffin, M.S.

Tug of War



“Don’t Put Me Out to Pasture” – Mom and Dad



“I Am Just a Hired Hand” – Daughter and Son



“Don’t Forget to Send the Checks!” – Mom and Dad



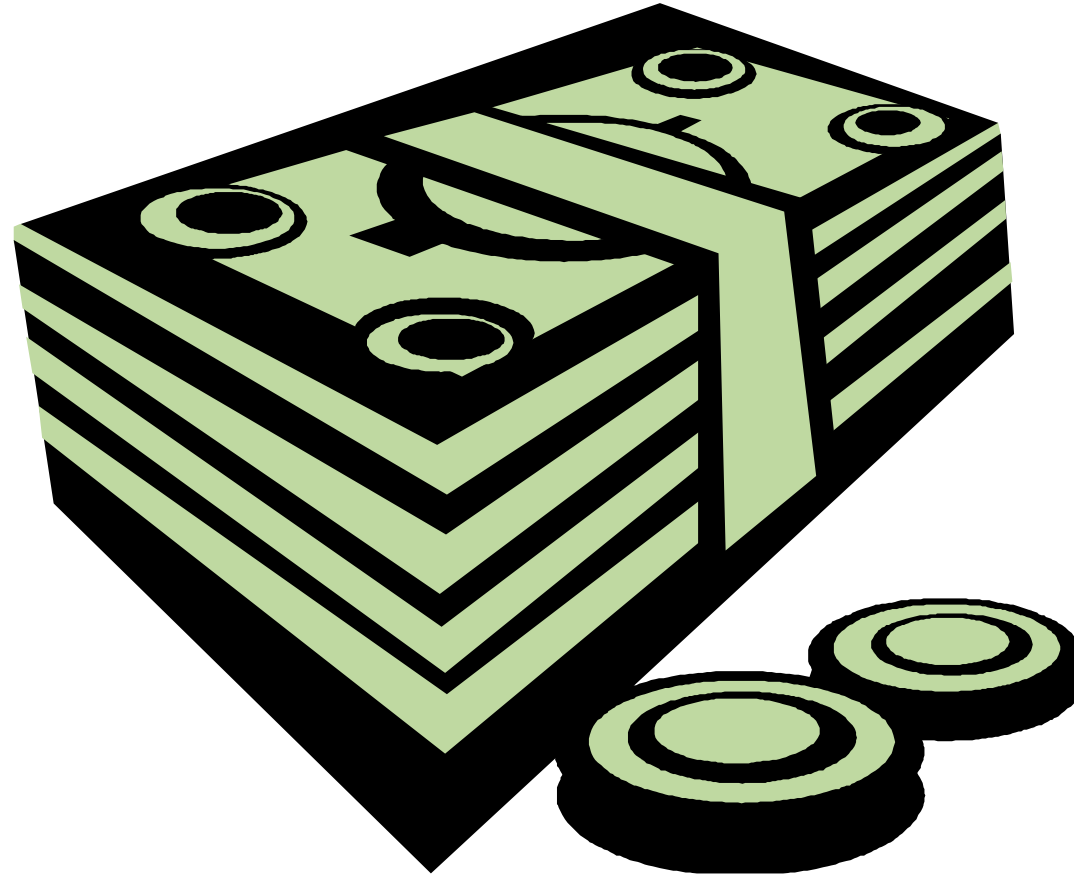
“You Want Me to do What?” – Daughter and Son



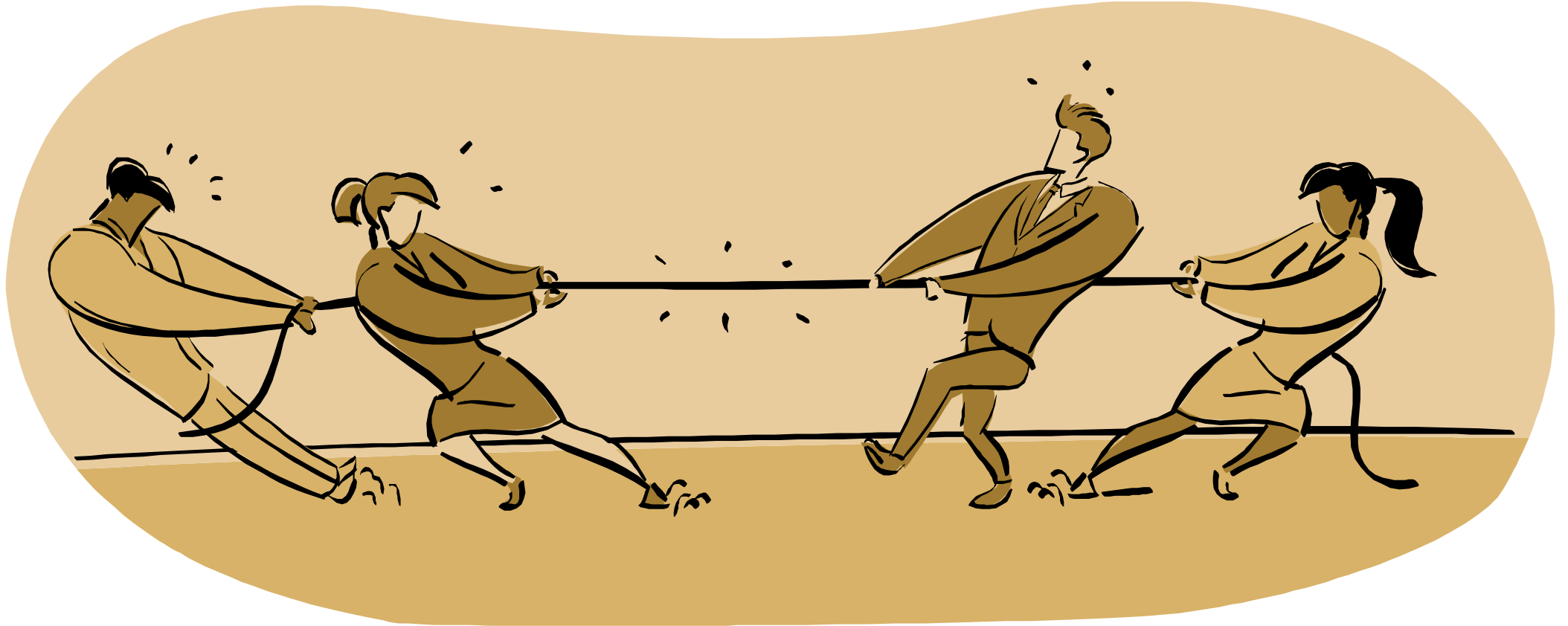
“The Times Have Changed.” – Daughter and Son



“It’s My Money!” – Mom and Dad



Tug of War



Generally Speaking

Next Generation

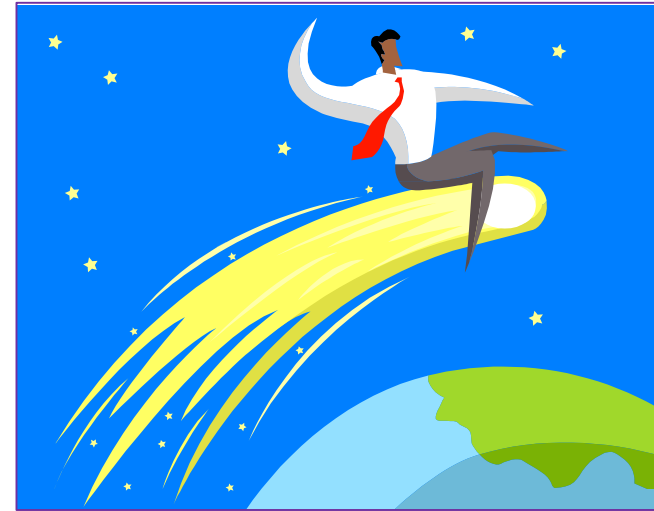
- Youth
- Recent education
- More energy
- More risk tolerant
- Latest methods and technology
- Energy abundance
- Dreams and aspirations

Current Generation

- Wisdom
- Farming experience
- More wealth
- Less risk tolerant
- Tied and true
- Wealth abundance
- Dreams and aspirations



Talk About Your Dreams and Aspirations



They May Be More Similar Than You Thought,
and Can Become a Shared Vision!



With a Common Vision, the Differences become Compliments

Next Generation

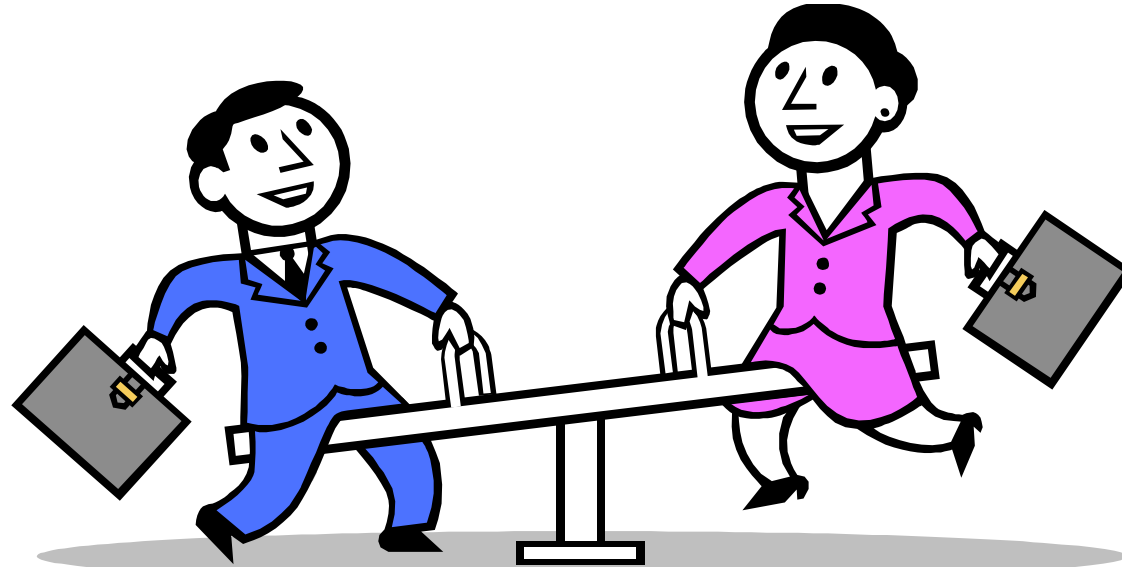
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Instead of a Tug of War...



Power Transfer Planning

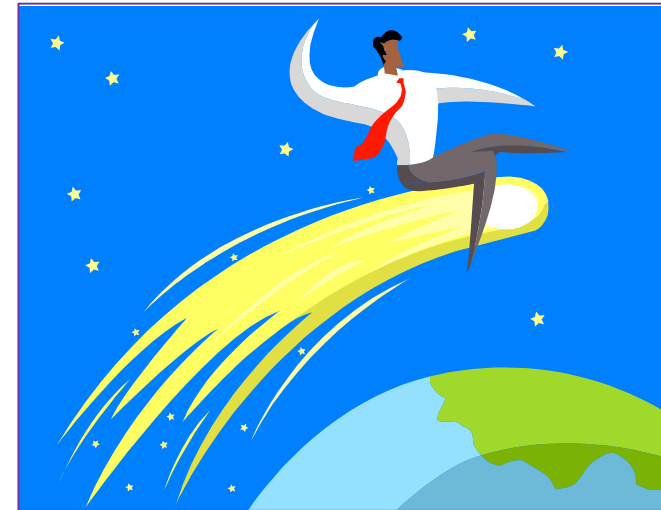
- Incredibly important
- How do we divide the work, management and leadership responsibilities?
 - How should they change over time?
 - When should they change?
- Disagreements over power transfer is a common reason for failed succession



Typical Career Progression



The Power Transfer Planning Process



1) Determine your shared vision



The Power Transfer Planning Process

2) List the skills, attributes, experience and training of both the current and next generation.



The Power Transfer Planning Process



3) List and categorize all of the work, management and leadership activities on your operation.



The Power Transfer Planning Process

4) Divvy the work, management and leadership experience as dictated by the skills, attributes, experience and training

- The current generation and the next generation should have some work, management and leadership power and responsibilities
- Initially, the current generation will have relatively more management and leadership responsibility
- The next generation will gain more management and leadership responsibility over time
 - Time based decision
 - Performance based decision
 - Make sure all understand the plan



Once the Power Transfer Plan has been Created

- Revisit the plan at a family business meeting on a semiannual or annual basis
- Discuss any shortfalls in expectations
- Reward those who have earned increase power with it!



In Closing

- Having a plan for power transfer is important
- Many farm successions fail due to power transfer issues
- Work, management, and leadership responsibilities should be allocated based on skills, attributes, experience and training
- Over time, the next generation should gain increased management and leadership responsibilities
- Discuss the power transfer process at family business meeting

