

## **SUCCESSFUL SUCCESSION PLANNING THROUGH EFFECTIVE FAMILY COMMUNICATIONS**

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The average age of farmers in the United States continues to increase each year. Data suggest that many current farmers and landowners are or should be considering the transition of their businesses – ownership and management – to the next generation. In addition, many are concerned about sharing their legacies with children, grandchildren, friends, and others, where legacy covers a lifetime of achievements and the context in which that lifetime will be remembered.

Extension specialists in many U.S. states offer programming to assist farm families with transition planning. More than 300 farmers and ranchers recently participated in estate and succession planning workshops conducted by Colorado State University. Assessment questions were asked at the beginning, end, and throughout the workshops using a personal response system to collect anonymous answers.

Responses suggest that less than half reported engaging in intra-family discussions about succession planning. Many heirs had not been told about their parents' wishes regarding the future of the farm business. Members of both generations (parents and children) admit that they have not discussed end-of-life plans, even further confounding the problem.

There are two basic types of meetings for families operating a business: (1) family council meetings and (2) family business meetings. There may also be a need for business managers to meet to make decisions not directly affecting the family; such as what crops to grow or when to market grain or livestock.

Family Council Meetings are intended to provide a communication forum to keep the broader family informed of what is going on in the family business as well as the current and anticipated role of the family. These meetings are typically comprised of the broader family, including spouses, in-laws, children, grandparents and grandchildren whether active or non-active in the family business.

Family Council Meetings should be held when there is sufficient time available for discussion and few interruptions and in a neutral, non-family related location. There should be an agenda, a person to lead the discussion, someone to record meeting minutes, and other common features of a business meeting. A non-family member, trained as a facilitator, may be desired to keep the discussion flowing smoothly, to quiet talkative, over-bearing family members, to encourage less talkative people to share their thoughts, and to create a safe environment.

Family Business Meetings are dedicated meetings for family members who are working together in the business to deal with the interaction between the family and business. The agenda of the meeting can be primarily business issues or primarily family issues or both.

Farm families holding regular family council meetings and family business meetings report: (1) greater family harmony, (2) greater comfort with who will take over the family business, (3) increased understanding about the extent of the retiring generation's financial needs and resources, and (4) smoother management and ownership transitions. By taking a proactive approach to succession planning, individuals and families can help ensure that they are remembered in the best possible light and that their life's work will more successfully transition to future generations.