

Handing Down the Farm



Communication is an important part of the transition from one generation to the next.

Story by
Laura Skillman

As families look to pass the farm from one generation to the next, a key component to a successful transition is communication. All too often the farm work gets done but the planning of generational changes does not. Many times it is assumed rather than discussed.

Every situation is unique, with the traditional family farm having a variety of formats and generations involved today. There are multi-family partnerships as well. Whatever the makeup, there is a framework to work by, says Steve Isaacs, University of Kentucky Extension agricultural economist.

Estate planning has to be a part of the successful transition, he says, but, without communication between the generations, planning on one person's part may not be enough to make the transition successful. All parties with interests in the operation need to make their positions known.

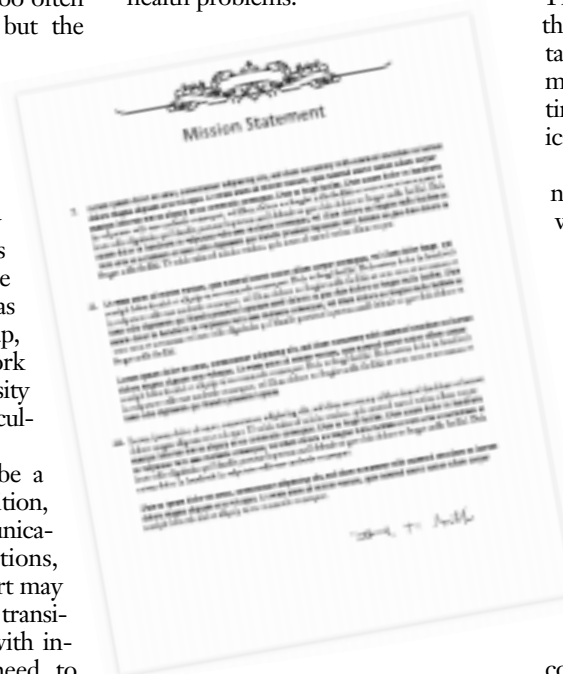
"Don't worry, I'll take care of you," may be the only discussion some farmers ever have with the next generation regarding passage of the farm.

"Too many times this is the only time it is ever mentioned, then the dad or mom dies without an estate plan in place and nobody knows what is going on, and it falls back to state laws to figure it out," he says.

If there are children from multiple marriages and the farmer dies without an estate plan, this could result, and sometimes does, in wives

and ex-wives suddenly becoming business partners.

The need for transferring the farm from one person to another can also come as the result of retirement, someone's leaving the business or health problems.



Put it on paper

Clear, open and frank communication is needed as farmers look to make a transition, Isaacs says. And many of these things need to be in writing.

It is important to have shared goals, he says, and to learn to deal with the conflicts that arise.

Isaacs says it is important to have a mission statement, and it's also important to have goals to achieve that mission. A mission statement is simply a statement saying what your business is about and why you are

doing it. Mission statements are commonplace in corporate America, Isaacs notes.

Goals need to be specific, measurable and attainable, and they need to reflect what you are doing, he says. The tactics are what you do to reach those goals. More time is spent on tactics than on anything else, but more time needs to be spent on setting goals and revising them periodically.

The mission statement and goals need to be communicated to all involved.

Any time you have multiple people with multiple goals, there will be conflict, he says. An example may be as a father looks to back away from the active operation and his son takes over more responsibility. The father may have one set of goals for that business, while his son may have others. How that conflict is resolved can play a major role in how successfully that farming business is transferred from father to son.

It is important not to avoid the conflict and not to get angry. To resolve conflict, try brainstorming, be nonjudgmental, listen, compromise, weigh the ideas, choose one of them and evaluate the outcome.

Communication barriers

Isaacs says that blocks to effective communication include blaming someone, insulting someone, interrupting a person's conversation, being sarcastic, making excuses, changing the subject, mind reading (finishing someone's sentences) and non-verbal language, such as rolling the eyes or shaking the head.

Things that can enhance commu-

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nication are listening, acknowledging that different people communicate differently, asking questions and putting things in writing.

"We have this notion in agriculture that unless we are out there doing something — turning over some dirt or putting some seed in the ground — that we are not doing anything," he says. "When you spend a lifetime building a business, you ought to spend a few days determining how you are going to transition from one generation to another."



Editor's Note: Laura Skillman is an Extension specialist in Ag Communications Services with the University of Kentucky Research & Education Center, Princeton, Ky., which supplied this article.