
Succession Planning Overview



Gregg Hadley, PhD

Assistant Director – Agriculture, Natural Resources, and Community Development

K-State Research and Extension

ghadley@ksu.edu

785-532-5838



Why?



Grandma and Grandpa
(The Past Generation)

The Brothers' and Sisters'
Kids (The Future)

Mom and Dad
(The Current Generation)



The Brothers' and Sisters'
Spouses

Farming Brother and Sister
(The Next Generation)

Non-Farming
Brother and Sister





What is Success?



An Ongoing Farm & A Happy Family



Rules & Promises



What is Succession Planning?

- Commonly used terms
 - Transition planning
 - Estate planning
 - Succession planning



Transition Planning

- Refers to planning for any change
 - Expansion
 - Contraction
 - New technology



Estate Planning

- Refers to how assets will be passed on to heirs



So, What is Succession Planning?



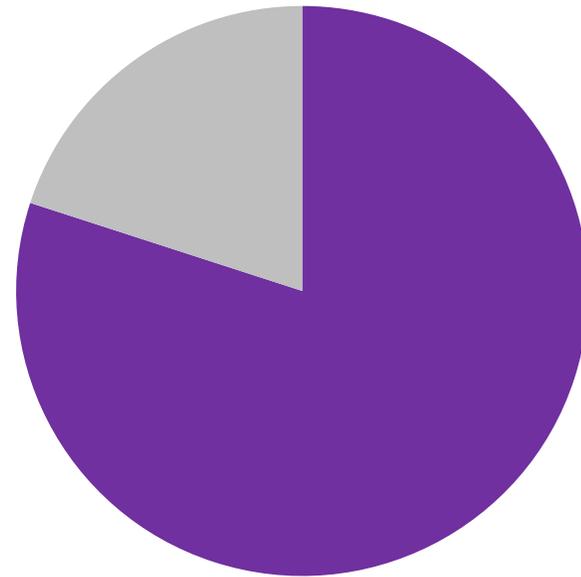
Estate Planning & Succession Planning

- My perspective
 - ESTATE PLANNING is about how assets will be transferred to heirs
 - SUCCESSION PLANNING involves discussing so much more:
 - Estate planning
 - Establishing the business philosophy rights
 - Leadership, management and workload rights
 - Determining how the partners will work and communicate together
 - Succession feasibility



Estate Planning is One Piece of the Succession Planning Pie

Succession Planning



- Other Aspects
- Estate Planning



Do You Need a Detailed Succession Plan?



Test Questions to Determine if You Need Succession Planning

- Current owners & managers:
 - Do you always agree with your **successor's** business philosophy, management ideas and decisions?



Test Questions to Determine if You Need Succession Planning

- Future owners & managers:
 - Do you always agree with the **current owner/manager's** business philosophy, management ideas and decisions?



If You Said No, You are Honest and Need Succession Planning



If You Said Yes, You are Probably a Liar or Kidding Yourself!



Most successions fail due to the lack of a good estate plan

A Common Belief

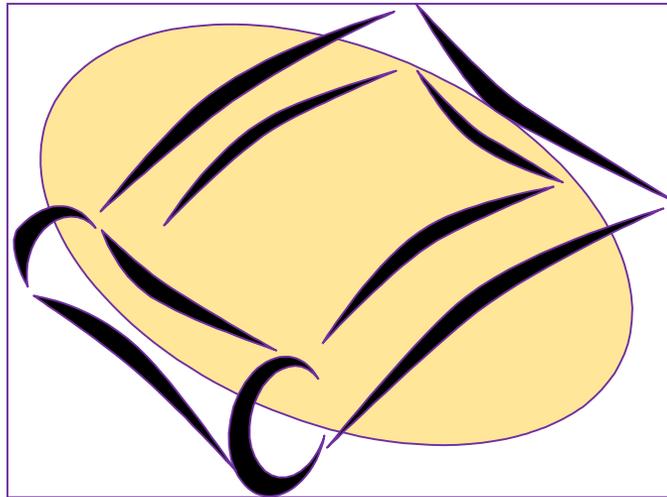


Not Always

- **Disagreements about business philosophy**
- Inadequate earning capability
- **Transfer of work and management decision making**
- **Emotional roadblocks**
- **Poor communication**
- Death, disease, disability, disaster, divorce (5 Ds)
- Poor estate plans



Most Farm and Ranch Situations Require a Detailed Succession Plan



What are the Steps in Succession Planning?



Succession Steps

Succession Participants

Concern	Step
Estate Plan	1
Financial Feasibility	2
Business Plan	3
Dealing with Emotional Roadblocks	4
Learning how to Communicate and Teambuilding	5

Succession Facilitators

Concern	Step
Estate Plan	5
Financial	4
Business Plan	3
Dealing with Emotional Roadblocks	2
Learning how to Communicate and Teambuilding	1



Who Should Be Involved in Succession Planning?



Grandma and Grandpa
(The Past Generation)

The Brothers' and Sisters'
Kids (The Future)

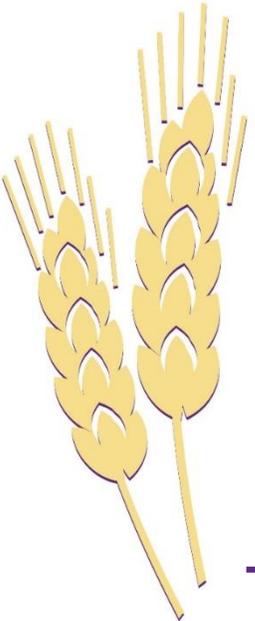
Mom and Dad
(The Current Generation)



The Brothers' and Sisters'
Spouses

Farming Brother and Sister
(The Next Generation)

Non-Farming
Brother and Sister



So, When Should I Begin Succession Planning?



Today!

- On-going process
- The actual succession plan should be developed before the next generation starts working for the farm in a career position
- The plan should be reassessed frequently
- Never know when one of the 5 Ds will hit



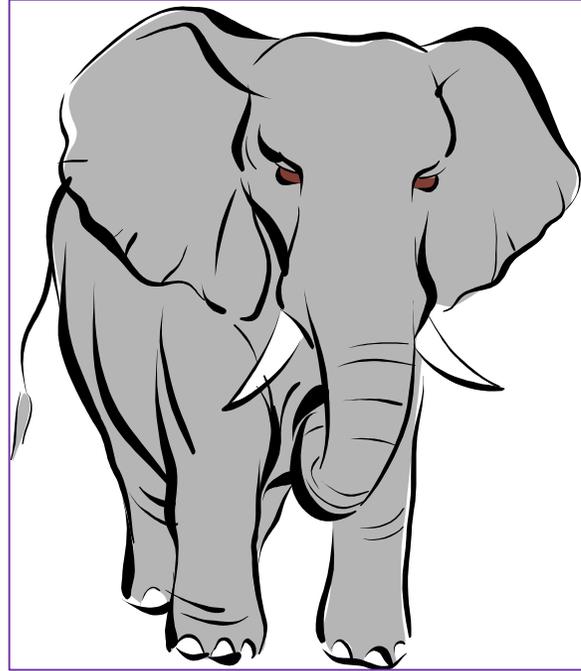
It Can Be A Lengthy Process

Succession Planning Meeting	Meetings Required <small>(1/2 Day Meeting)</small>
Team building	1 to 2 Meetings
Communications	1 Meeting
Conflict management	1 Meeting
Business philosophy and strategy Issues	1 to 3 Meetings
Operational issues	1 to 3 Meetings
Financial issues	1 to 2 Meetings
Decision making and work responsibility transition map	1 to 2 Meetings
Estate planning	1 to 4 Meetings
Plan finalization	1 to 2 Meetings



Succession Planning Can Be Stressful!





Start Today! It Is So Worth It!





Thank You!

Good Luck With Your Farm or Ranch Succession!

