

The Business Of Farming: Passing It On

It is not the situation but what you do about it that determines the future

A farmer and his wife have four sons who all want to farm. The first is a horticulturist, the second an engineer, the third a business administrator and the fourth a computer boffin.

The couple own three farms. The wife manages the roses on the home farm while her husband, who is a successful conservative cash farmer, runs the rest without the help of middle managers.

Suddenly their once peaceful nation changed to one of anarchy, unpredictability, lack of viability and concern for the future. Both of them are tired, stressed and need a change.

Should they invite one or more of the sons back to the farm and if so how they should they go about it? Those were the question posed by the wife. I invited your comments on what I consider to be one of the most important questions facing farm families, or for that matter the owners of any family owned business.

Only too often the decision is made in haste with starry ideas of perpetuating the family business, and "keeping it all in the family."

One reply I received expressed the problem more eloquently than I could have done. It reads:

"I am in such a situation now (no brothers to contend with fortunately), but I have made the big mistake of my life, I have destroyed the relationship I had with my parents which was a good one, by simply moving on to the farm under those starry eyes you talk about. I have decided to leave the farm and move on to the profession I studied in order to alleviate this bad issue. I am sorry to say but there should be a manual book written and handed out to all CFU members thinking of "retiring ". Do not get me wrong, I am to blame as well for this scenario so it is not just the parents fault but the sibling as well. To let you know my parents and I part with grace professionally, so I hope to try and build up that SON and PARENT connection I once had.

(My apologies for the anonymity but I am quite embarrassed about this situation. We will bump into another at one time or other and I will introduce myself!)"

It could be worse and often is. At least in this case I see hope for a reconciliation – something that doesn't always occur – especially if more than one sibling is involved and if the situation is further complicated with one or more of the siblings who do not inherit. In one memorable case in Australia the farming sibling adamantly demanded that his city bound siblings send a goodly portion of their salaries to support his farming career. Understandably that caused a fair amount of tension within the family. "You got the farm and now you want us to support you?" they asked incredulously.

Back to the drawing boards. Where does one start? First make sure that the next generation really do want to be part of the business. That may sound strange but I have encountered unhappy middle age people who finally admit that they felt beholden to keep the business going for the sake of their parents.

For those families who face, or may face, the problem of handing over to the next generation here are a few 'rules' you may wish to consider.

Rule 1: Parents do not owe their children a livelihood and children do not owe their parents their working careers. I think back on the S. African client who, having built a farming empire, was disappointed and bitter that his sons chose not farm.

Rule 2: Is it viable? In the last article I said the caveat is that the inheritors should not be expected to start with the enormous millstone of Dad's debts around their necks. That doesn't mean they should inherit a thriving debt free business, but it does mean that there should be light at the end of the tunnel. I am particularly concerned that sons and daughters may feel they have an obligation to 'stick with it' while Mum and Dad try to dig themselves out of the mess caused by incorrect decisions of the past.

Rule 3: Don't take away the challenge. The next generation has their own ideas, their own aspirations. They don't want to simply continue the perfect business that Dad built. Give them room to do better than you did, to have their own sense of achievement and to make their own mistakes. That is what life is about.

Rule 4. Develop a career path. Perhaps she is too inexperienced to take over the day she leaves school. On the other hand why wait till she is 40? Work out a schedule of how, and when, authority will be transferred.

Rule 5. Training is essential. Education is nothing other than accelerated experience. Education can be both formal and informal, but do remember that our agricultural education is sadly lacking in business training. Technical training is fine if you want to be an employee for the rest of your life, but sadly lacking for potential business owners.

Rule 6. Find out about the processes and techniques that ensure orderly transfer of assets and authority from one generation to the next. You won't be the first family to have faced this issue and the techniques available do help to avoid family feuds.

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