The story of Joe

- A 68 year old Nebraskan farmer
- Joe has worked all his life on the family farm
Passing the baton
The graph illustrates the impact of succession planning on business performance over time. The green line labeled "with succession planning" shows an upward trend, indicating improved business performance following a handover. In contrast, the red line labeled "without succession planning" shows a downward trend, indicating decreased business performance during a handover period.
Getting it wrong
Some definitions

- **Succession**: The inter-generational transfer of *managerial* control

- **Retirement**: Withdrawal from physical labour/managerial control. Inter-generational transfer of managerial control.

- **Inheritance**: The inter-generational transfer of *ownership* land and farming assets
The importance of families

• ‘Familiness’: unique bundle of ‘resources’ resulting from interaction of family & business.

• Generally thought to offer competitive advantage to family firms, where vision and commitment to the business are deeply embedded in family history.

• ‘Emotional ownership’: idea that the business is, in some sense, part of who you are as a person.

• ‘Family capital’ – commitment & participation of family members.
Farmtransfers
Identification of a successor

- % who identified a successor
- % of successors who are daughters
- Mean age of respondent farmer

% respondents

Age of respondent

Transferring knowledge and managerial responsibility

• Effective farm management requires the skills & knowledge learned from experience and related to a particular farm as well as from formal education and training.

• The delegation of managerial responsibility is a vital mechanism for transferring farm-specific managerial know-how in a farm business.
Risks and benefits

• Loss of the business
• Alienation of next generation
• Failure to prepare the next generation
• Older generation ‘trapped’ on the farm

• Protect the business
• Protect family assets
• Allows successor(s) and older generation to plan
• Remove uncertainty
Conclusions

• High rates of succession testament to tenacity & persistence of farm families.

• As well as business assets, successors receive transfer of detailed local agricultural and environmental knowledge.

• Repeated transfer of farms down generations of same families in a locality results in farming families deeply socially embedded in their communities.

• Timely succession can act as powerful incentive to grow and develop the business.