Farm Succession and Transfer:

Strategies for the Junior Generation

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CHAPTER I

Introduction: Purpose and Background

Many people avoid facing the end of meaningful work, retirement, health issues, financial issues, legal issues, family tensions and death, and most farmers are no exception. Intergenerational transfer of farms is one of the biggest challenges facing farm families. Senior operators have spent a lifetime working the farm. In many cases, the farm business and relationship to the land are the farm couple's main identity. Often farm succession advisers and services focus on helping members of the senior generation identify what they want their legacy to be and determine the practical steps to achieving a successful transfer.

But farm transfer is a two-way street. It has to work for both generations — those exiting *and* those entering. Farm succession advisers report that they often hear similar questions for those in the next generation who are eager to take the reins: How do we convince Mom and Dad to start the transfer process? How can we know if they are really willing to pass on management, ownership and control? What if they won't, can't or shouldn't? How can we help make conversations and decisions happen?

For the next generation assuming control of the family farm, the basic issues are often the same: transferring income, management and assets, and ensuring financial security and peace of mind for all involved. Often, the most difficult part of the succession process has to do with the softer aspects, such as communication, trust, shared vision and goals, and building consensus. This is not just about a business, after all; it's about a family, with all the joys and difficulties that are part of the family's dynamics. It is also about the family's future.

This publication is for the next generation. We will present the issues from the perspective of the incoming farmer and offer suggestions and strategies to enhance that generation's chances for a successful transfer of the farm business. We believe that service providers and the senior generation will find the material in this guide useful, too.

The step-by-step approach breaks the process down into smaller pieces to help younger farmers get started. Sometimes, just taking the first step in the process can make the difference.

CHAPTER II

Step 1: Values and Goals

As the junior generation on your farm, you may have grown up there. You've been involved in the farm in some way for a long time, perhaps your whole life. You may now have a significant role in the farm operation. You may live on the farm. If you are reading this guide, you likely are thinking about your future on this farm. What might it look like? How will you determine if a transfer is workable?

Before you and the senior generation, as well as others involved in the farm, grapple with dividing property, forming business entities or estimating estate taxes, you have to start with the basics.

The first step is to clarify values and goals. Often, this is the hardest part of the succession planning process. It starts with you — your personal beliefs and goals. From both personal and business perspectives, it is critical for you to understand your values and goals as you and the senior generation proceed with the farm transfer dialogue.

The next layer is your own family — your partner and any children or other dependents. You should realistically assess whether your spouse and children are committed to and support this step for you. Below are some questions to help you with this stage in the process:

1. What are your own values about farming and the farming lifestyle?
2. Why do you want to farm?
3. When you think about taking over the farm, what challenges and rewards do you anticipate?
4. Can you envision farming elsewhere? Why or why not?
5. What are your professional short-term and long-range goals?
6. How do your family lifestyle preferences and the needs and desires of your partner and/or dependents fit into your vision of a future on this farm?
7. What are your financial goals and objectives? How much income will you need for the lifestyle you desire? How much income needs to come from the farm as opposed to from off the farm?

Along with your personal considerations, you should think about and articulate a vision for the future of the farm business. It will be important to think outside the box and allow your vision of the future to exceed what currently exists. New enterprises, approaches and energy are what will fuel the future success of the business. This could happen on your current farm. You should also consider, though, whether you are open to farming someplace else that may better fit your vision.

You can't effectively move forward with your own ideas and planning without having a firm grasp on what others are thinking. Understanding the senior generation's vision and goals is crucial. At this point, you may have a clear idea, or no idea at all, about what the senior operator wants to happen. You should also talk to other stakeholders, such as siblings, key employees, other relatives and neighboring farmers to learn whether they have ideas and/or desires about the farm. If there is no clarity or agreement among all the major parties involved, planning cannot progress. Even families with a clear, shared vision for the farm can find it hard to move forward with the actual planning. Chapter VI of this handbook contains tips for getting this conversation going.

STEP 1 EXERCISES

1. Write down your answers to the questions listed above. Prioritize your goals.
2. Invite your spouse or partner to write down his or her vision and goals related to farming.
3. Write out your vision for the farm for the next year, the next five years and 20 years from now.
4. List 10 questions you would like to ask the senior generation about its vision, goals and plans.
5. If you think it might be applicable, write down your answer to this question: What would you do if you were not farming here?

CHAPTER III

Step 2: What Do You Bring to the Table?

Now that you've thought about and articulated your values, goals and vision, it is time to get into some practical aspects of the discussion. What do you bring to the table for this farming business? What else do you need? And how will you get it?

EXPERIENCE, SKILLS AND KNOWLEDGE

In most situations, experience is a given: The younger generation is either working on the home farm or has worked off the farm in order to gain real-life experience. Now you must consider how that experience translates into the business management and production skills that you need to not only operate a successful farm business but also make a valuable contribution as you seek to undertake more management and ownership responsibility.

Your experiences might lead you to want to farm differently than the senior generation has. Your vision, skills and knowledge might not be in harmony with the senior's approach to the farm, and how farming has been done there for many years. This is not uncommon, and it must be worked out. If you've developed expertise in, for example, rotational grazing, switching the home farm away from a confined operation might involve significant shifts in attitudes, practices and budgeting.

A realistic self-assessment of experience, knowledge and skills, perhaps facilitated by an outside party, could be very useful. Sometimes family dynamics in the junior-senior spectrum make it challenging to objectively assess on your own these important, intangible assets.

Any instruction you've received that's relevant to your farming pursuits should be noted, even if the content or emphasis was not directly about farming. For example, a course on website design or online marketing counts, as do classes on accounting, human resources, risk management or machinery repair.

Once an assessment is made, it may be important to develop a plan to strengthen the experience and skills of the younger generation if that is not already occurring. Here as well, an outside, third party may be able to make a more objective assessment of what else needs to happen. At a minimum, necessary skills include managing employees, working with the finances of the business, participating in purchase and investment decisions and being involved in long-term, strategic planning for the business.

If you discover or confirm that you don't have the skills you and the senior generation agree are important for your future on the farm, consider what you can do to acquire them. For example, can you take a class or course? Could you spend some time working a different job or on a different farm? Could you learn the skill or knowledge from your parent(s) or someone else on the farm?

ASSETS

You now should inventory all tangible and intangible assets you may bring to the process. Below are some examples of concrete assets you may have:

- Equipment
- Livestock
- Stock or other ownership interest in the business
- A separate or spin-off farm business
- A non-farm business
- Other capital assets, such as land or residence
- Savings

Examples of intangible assets include a membership base in a community-supported agriculture (CSA) venture; customers; a blog audience; supplier relationships; and even your reputation.

How will these figure into the transfer? Regardless of the tangible and intangible assets you bring to the farm, the transfer plan must address building equity. How will the plan enable you to build equity in the business so that any eventual transfer of assets will not rely too much on debt financing? According to NY FarmLink's *Business Transfer Guide for the Junior Generation*, by Steve Richards, 5 to 10 percent equity is needed for a rental arrangement; 0 to 10 percent for a work-to-own arrangement; and 10 to 30 percent for an outright sale. As farm business values continue to increase, building equity in some manner will be critical and increasingly challenging.

SOCIAL CAPITAL

If you've been involved in your farm business, you bring a lot more than skills, knowledge and assets to the family business. You also bring a wealth of social capital, or relationships that have productive benefits. Your social capital has value. It makes you a better farmer. It brings strength and connection to your business of farming. It improves your likelihood for success.

For example, you are probably part of several farming networks such as a trade association, grazer community or organic growers' organization. You may belong to a conservation district, agriculture commission or grange. These all have value to you professionally, and often personally. They also provide you with productive benefits such as a place to learn, get support and ideas, make business connections, solve problems and connect with mentors. All of these opportunities help you become a better farmer and farm operator.

Your social capital also extends into your markets, including your customers and buyers, as well as your suppliers, advisers, consultants and lenders. Anyone and any group that helps you offers productive benefits to your farm operation.

Your social capital is not limited to farming networks, though. Your ties to your community include your neighbors, church, synagogue or mosque, civic groups, local government, leisure groups such as a snowmobile club, hunting friends or a ball team, and school-related activities that engage you and your family. These associations provide you with productive benefits such as social ties and recreational opportunities. They support and offer value not only to you, but also to your spouse or partner and your children, whose engagement and well-being are essential to your success on the farm.

FAMILY DYNAMICS

Each family is unique, but all families have challenges. Some families are formal and detail-oriented; some are casual and impatient with nuts and bolts. Some families express anger freely while others are more tight-lipped. To complicate matters, individuals within families have different styles, too. Sometimes family members' styles can be complementary, such as when one person in a couple is quiet and the other is conversational. Yet different styles can also be a challenge, such as when the quiet one doesn't express his or her opinion.

Family relationships and communications play critical roles in an intergenerational transfer. It's important to understand something about your family's dynamics. This is not about being the family psychologist. It's more about being aware of individual communication styles, how conflict is or isn't dealt with, and how decisions are made. Bringing this awareness to the farm transfer process is critical.

Below are some questions to help you think about and understand the dynamics and styles in your family.

1. What is the most effective way to approach your father about a difficult decision? For example, is it better to approach him while working together in the barn or at a sit-down in the farm office? Does the process go better if you provide a lot of background explanation to warm up to the problem, or is cutting to the chase a more effective way to capture his attention? Does he prefer spelled out options or is he better with brainstorming?
2. How do your parents function as a couple? How do they make decisions? How do their styles work or not work well together? What happens if you approach one versus the other?
3. How do you resemble each of your parents with respect to communication style?
4. How and how well do you communicate with your siblings, and they with each other? Who are your allies in the farm succession planning process? Are there sides? Are there unspoken feelings and opinions about the farm and its future? Can you get them sorted out or at least put on the table?

Your task is not to change or fix the way your family members relate to one another. It is, however, to understand as much as you can about each person involved in the transfer decision-making process and to tap the strengths that each brings to the discussion. It also is important to be realistic about the interpersonal challenges, and to look for help when it's needed. You won't be able or expected to resolve all (or maybe any) conflicts, but if you want to succeed with the farm transfer, you need to be able to manage them.

Being aware of your own communication style and interpersonal issues is the place to start. We all have blind spots. It's important to be honest and candid with yourself about your style and your concerns. If you know you can be impatient, it's good to acknowledge that up front and ask for feedback if others feel you are getting ahead of the game. If you have an unresolved conflict with your sister, it may color the decision-making dynamics around farm succession, even if the conflict has nothing to do with the farm.

Your task is not to change or fix the way your family members relate to one another. It is, however, to understand as much as you can about each person involved…

More important than recognizing blind spots is bringing your interpersonal strengths to the process. Everyone has strengths. You may be good at running meetings and staying on task. You may have a great sense of humor that enables family members to relax and connect. You may be able to draw out the more quiet members of your family and be a good active listener. Build on and use your strengths and lean on the strengths of others to develop the best process you can to make these critically important decisions.

Even with good skills and the best of intentions, some families have a hard time working through their farm succession plan. The parents struggle over how to treat their children equitably. The senior operator avoids talking about wills or taxes. Sibling resentments fester. No one wants to talk about the divorce. The wisest families know when to get outside help and understand that outside help is not a sign of weakness or failure. Outside help can be in the form of a trusted adviser such as a friend, neighbor or clergy. It could be a consultant who specializes in farm transfer planning or farm business planning, or it could be a trained facilitator or mediator.

STEP 2 EXERCISES

1. Write your résumé.
2. List your tangible and intangible assets.
3. Describe your social capital.
4. Draw a representation of your family dynamics. What are your family's communication strengths and weaknesses?
5. Draft job descriptions for the current and ideal situation for yourself, the senior generation and anyone else who may be part of your farm transfer plan.
6. To learn more about communication styles and conflict management, see Chapter VI in this handbook.

Step 3: Evaluating Farm Opportunities

If you are the junior generation on the farm, chances are you are reading this handbook because you hope to move the succession planning process along. You may want more information than you presently have about the current situation on the farm, and about any decisions that have already been made. Sometimes the information you need is not easy to obtain. Perhaps you and others in your family are concerned about the future security of the senior generation. You probably are thinking ahead regarding your own farming career, or are at a critical fork in the road. It is critical for you to understand and evaluate your farming opportunities. A realistic appraisal of the farm and transfer options will inform your options.

VIABILITY

A basic question in every farm transfer situation is whether the farm operation is viable. Plans for succession, the future of the operation and the well-being of both generations depend on how current and future viability is addressed.

For some, viability means that the business operates in the black. For others, farm viability means that a farm business can reliably support a family. But we know that the majority of farms in the U.S. depend on off-farm income. There are different understandings, therefore, of farm viability, such as the net contribution to family living, or breaking even. Furthermore, what is viable for one generation might not be for the next, or the current operation is viable now but may not be viable into the future.

It's hard for both generations to confront the possibility that the current farm business is not viable into the future. Sometimes the senior generation is reluctant to take this hard look. Sometimes it's hard to tell, based on available records. If there is a farm business plan, you should study it. In addition, you should ask for any financial information and other records that could help you determine the farm's viability. As you go over these documents, be sure to discuss them with the senior operator and other key farm personnel. Finally, seek out trusted advisers who can help you look at and analyze information about the farm.

SECURITY

Farm succession planning is as much about security as it is about business viability. Any plan for a transition between generations must address needs for security for both generations. Sometimes this involves sensitive matters such as declining health, care of the senior generation, and how much income each generation needs to feel secure.

Of primary importance is the financial and emotional well-being of the senior farming generation. Most often this is a senior operator and a spouse, though it could include one or more senior siblings also involved in the farm. At the heart of a farm succession plan is a clear and acceptable game plan for the senior generation. What does your father, for example, see as retirement?

These days, retirement is not cut-and-dried. Life after a lifetime of farming can be fraught or it can be fulfilling and pleasant. Financial considerations are only part of retirement planning. Just as important are where the farmer or farm couple will live, what they will do with their time, and where they will turn for community and meaning. Some farmers say they are retired but they are still involved in farming activities. Others say plainly they will never retire. In either case, does it mean a continuing iron grip on the checkbook, stepping in to bale hay or occasional puttering in the barn? It's important for the exiting farmer to be clear, and for you and other members of the family to know the senior generation's hopes and plans ahead of time.

The exiting farmer will need to make concrete decisions such as how much income he or she will expect and how much he or she will contribute to expenses as his or her involvement in the farm decreases or terminates. If the exiting farmer will need income from the farm in retirement, you will need to determine together where this will come from. For example, it could come from the sale of farm assets, lease fees, certain expenses covered by the farm business or a percentage of profits. Another matter to consider is where the exiting farmer or farm couple will live. A professional retirement planner can be a crucial member of the transfer team. At minimum, using an online retirement calculator can stimulate the conversation.

In addition, the exiting farmer will need to make some decisions about less concrete matters such as how to spend newly found free time and the emotional consequences of ending a career. Every person who retires from a life of work must deal with these issues, but not every person finds them easy to face or talk about. If the exiting farmer has not begun this conversation already, you may need to introduce it. If you frame it as concern for the farmer's comfort and well-being, rather than as an impatient nudge to get out of the way, you'll set a positive, caring tone for the conversation. If physical or mental health issues are at play, it can be even more challenging to lay everything out.

CHANGE

Often, transfer planning triggers major discussions about changes in the farm business, which can be another potentially sensitive topic. In farming, change is not merely necessary; it is inevitable. Businesses that do not address change will not survive. All parties must take an objective look at the current farm business and assets. For example, you should consider the capital improvements needed to maintain or improve the profitability of that enterprise, as well as any changes that will be necessary to accommodate the next generation. It will also be helpful to consider what changes would be needed to expand the farm business or to add new enterprises, including satellite operations. You should consider how those changes will be financed and whether they will require a new business plan or new business structures.

You may have ideas about changes that you would like to make to the operation. They may range from relatively minor production adjustments such as changing the feed formula or varieties of tomatoes grown, to major considerations such as adding an agritourism or a cheese-making component. You might want to add or change employees. As you plan your changes, make sure that others involved with the farm support your ideas. This will help you implement your changes more smoothly and will be better for your long-term prospects as head of the business.

Different people accept and react to change in different ways. Generally, older folks are more conservative and younger people are more willing to take risks. There may be some generational predispositions toward change, but individual personality is just as important. Factors that have an impact on how well change is received include the actual change proposed as well as timing, cost, anticipated and unanticipated consequences, and the ripple effect of everything that will be affected by the proposed change.

As you begin the farm transfer planning process, you should clearly lay out the changes to the farm operation you think are necessary, as well as those you would like. You should also articulate how implementing those changes would affect the transition process.

THE FIT

Whether it is clear to everyone that you are in line to take over the farm or whether that is an unspoken assumption that not everyone agrees with, it will be important that this transfer is a good fit. You need to look clearly at your current role at the farm and figure out how you can best fit into the operation in the future.

Different people accept and react to change in different ways. Generally, older folks are more conservative and younger people are more willing to take risks.

Below are some questions to help you discern how you fit into the farm presently and how you can get to where you want to be:

- What is your position or status in the operation? For example, are you a paid employee?
- Are you clear about your and others' responsibilities?
- Do you have any management responsibilities? Do you want more responsibilities than what you currently have? Have you ever discussed this with the senior operator? Have you been offered guidance, assistance or opportunities regarding management roles?
- Are you building equity? Is there a plan for you to do so?

It is not uncommon for senior farm operators to be reluctant to hand over the reins. The plan may call for a very gradual transfer of responsibilities and that may be fine for all parties, as long as the transfer does happen according to plan. Sometimes role changes have to be more aggressively orchestrated with a gradual transfer. Some parties may find it helpful to create a one-, three- and five-year plan that articulates how each operator's role will shift over time. This will help ensure that both you and the senior generation are clear about what each will be doing and responsible for throughout the transition. Factors such as income and operational implications of the role shifts should be integral parts of the transfer planning process.

MOVING OFF THE FARM

For many families, multi-generational farms are a great source of pride. But in some cases, it just doesn't work out for the next generation to stay on the farm. There are several possible reasons for this, including that the farm is not financially viable enough to meet the needs of all the parties involved; the senior and junior generations have incompatible visions and goals; and the interpersonal dynamics between the two generations make it impossible to run a business together.

Sometimes leaving the farm for a while is a good strategy. Some senior farmers encourage their successor to work on another farm for a period of time. They want to make absolutely sure that the next generation really wants to farm, and to do so on their family's farm. In addition, spending time off the family farm — whether on another farm or in a non-farming endeavor — is a great way to gain skills and experience. If this feels like a good option for you, it should nonetheless be handled within the context of the farm succession discussion. If you know that you want to return eventually to run the family farm, the transfer plan should accommodate the possibility of your return.

Your efforts to engage the family in the planning process might lead you to conclude that it won't work for you to operate the family farm. That can be a painful conclusion. But, it can also free you up from obligations that would not have provided you with a fulfilling farming career. In this case, the planning process will address your exit strategy.

STEP 3 EXERCISES

1. List what you need to know about the farm operation in order to better understand the business, your situation and your options.
2. Write or discuss what viable means to you. What does it mean to other family members?
3. Write a one-page vision statement for the farm operation. Be sure to address your vision for the farm and what changes, if any, you would like to see to move the farm into the future.
4. Practice with a partner or other family member bringing up the retirement question.
5. Write out your ideal job description for yourself and others who will be involved in the operation in the future.
6. Draw organizational charts or other diagrams to represent the current and envisioned business.

CHAPTER V

Step 4: The Basics of Farm Succession and Transfer

As mentioned at the beginning of this handbook, most farm succession and transfer information is targeted to the exiting farmer. After all, he or she is the one doing the transfer. But the point of this guide is that it's a family affair. So it's useful — some would say necessary — for you to be informed about farm succession and transfer basics. Your concerns about the farm are just as important as the senior generation's concerns, especially if *you* are the future of the farm. The more understanding, knowledge and resources you bring to the process, the better it will go for everyone.

SUCCESSION VERSUS TRANSFER

The terms succession and transfer are sometimes used interchangeably in the context of business ownership turnover. From a more technical angle, however, succession often connotes *intrafamily*; in other words, a passing of a business between generations within the family. Sometimes it implies transfer of management only, and not a transfer of assets. Transfer more generally involves passing management, assets and income from one party to another. In this guide we use the terms interchangeably.

There are many components to a farm transfer. That's why it takes time, a conscious planning process, and most often a team of advisers. Below, each necessary element of a farm transfer plan is explained.

Goal setting and family communication plan spells out personal, family and business goals, as well as ways to ensure constructive communication among all involved.

Retirement plan addresses how and where the retiring person(s) want to live, as well as the anticipated income and health care needs for that person(s).

Estate plan directs the transfer of assets upon death, usually with the goal of preserving as much of the estate value as possible for the beneficiaries. In addition, it also often addresses transfers before death, such as provisions for gifting.

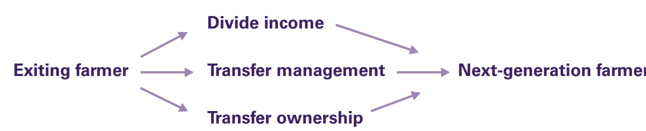
Management transfer plan lays out how management tasks, responsibilities and income shift over time from one farm operator to another.

Land-use plan maps out options f that address agricultural, forestry and recreational uses of the land. This plan may include conservation planning and/or farmland protection and specify future needs for dwellings and/or farm structures.

Farm business plan sets out strategies for farm operations, personnel, marketing, finance and business entity formation.

Asset transfer plan spells out how farmland and other assets are conveyed from one party to the other.

Below is another useful framework that emphasizes the three basic components that actually are transferred: assets, management and income.



A transfer plan that only considers one or two of these elements may lead to problems. Consider as an example, a new farmer that assumes management of the business and in turn gets a fair share of the income. If that farmer is then not allowed to own any property, he or she may get frustrated by not building equity. Conversely, a senior operator who is barred from participating in management decisions or who is paid a wage too long may get impatient.

TRANSFERRING OWNERSHIP

Owned property includes land and buildings, machinery, livestock and supplies. These are usually divided into current or short-term assets, such as cash, harvested crops, supplies and seed; intermediate assets, such as machinery or equipment with a lifespan of less than 10 years; and long-term or fixed assets. Usually, it makes sense to transfer assets in that sequence (short-term, intermediate, then long-term). Farm assets can be transferred by some variation of sale or gift during the senior operator's life or in the estate. Each transfer has tax consequences that will influence, but should not drive, the decision.

Most short-term assets are not formally transferred, but they are considered in any income-sharing agreement. There are several strategies to transfer intermediate or working assets such as machinery and livestock, including outright sale, lease-and-buy, and gift. There are financial and other pros and cons to each strategy.

Transferring long-term assets such as land and buildings can be done with essentially the same methods as with intermediary assets. One big difference is that a real estate asset can be transferred over time through a contract or installment sale, or through a purchase option such as a buy-sell agreement.

Many advisers recommend separating the real estate from other business assets. When senior operators also have non-farm assets, such as an RV, other real estate property, stocks or antiques, it's important to determine how those fit into their retirement and estate planning. In any case, written, legally enforceable agreements are essential.

DIVIDING INCOME

There are several approaches for dividing income, and the approach can change over time as the transfer plan progresses. As mentioned above, it is sometimes recommended to start with a testing stage. The simplest way to reward the labor contributions of the younger generation is with a wage. The wage should be reasonable and considered temporary by both parties. Sometimes the wage structure also includes an incentive plan, which can be based on one or more of these factors: volume, performance, longevity and profitability. One transfer expert suggests that an incentive should average 15 to 20 percent of the base wage and should be based on observable, measurable performance. That way, you and the senior generation avoid quibbling about what you deserve.

The simplest way to reward the labor contributions of the younger generation is with a wage.

Another way to approach income is through joint farming agreements that specify how income will be shared in proportion to the contributions of each party. These agreements should be clear and should be reviewed and updated periodically during the transfer period. One variation of this approach is sharing income strictly based on each party's contributions, including labor, management, real estate and other business property. Gross income is then shared in the same proportion as the valuation of each party's contributions. The relative contribution shares may change frequently and require diligent record keeping.

In the 50-50 model, the contributions are paid a return similar to a wage. The two parties then share the remaining net returns (or losses) equally. Note that in this model, because profits and losses are shared, it may be considered a partnership from a legal perspective.

TRANSFERRING MANAGEMENT

The transfer of management is often the most neglected consideration and where both transfers and relationships fall apart. Shifting assets and income relies on concrete legal and financial instruments. Transferring management has to do with intangibles such as responsibilities, communications and relationships. One goal of a transfer plan should be to provide a positive training ground for developing the next generation's management expertise.

Iowa attorney John Baker tells a story of a senior farmer who was persistently reluctant to hand over management to his son. "He's just not ready," insisted the senior operator. According to Attorney Baker, the senior farmer was 96 years old and his son was 72.

Management can be a hard part of the farm transfer plan to pin down. You and the senior operator need to determine what each of you will manage and for how long. This should include specifying who is currently making which decisions and writing a job description for the incoming farm manager. One study compared management transfer in several countries, and consistently, managing the finances of the business was the last domain to be passed from senior to junior operator. You are not building your capacity if the only decisions you make concern when to move the fences or harvest the broccoli.

Good management transfer depends on clear business goals and objectives. Inevitably, you and the senior operator will have some conflict over management decisions. If you both agree on your goals, though, these conflicts can often be minimized and addressed.

There are several decision-making structures that you could suggest. One model involves just one general manager, usually the senior farmer. Both parties will be involved in both daily operating and major decisions, but final authority will rest with the senior operator. This gives you space and time to develop your skills. If the older farmer is willing, he or she can provide a good mentoring experience. Over time, the role of general manager can shift to you.

Another model is to give each party an equal voice in decision making, with a specified procedure to break any deadlocks. With this approach, you are involved in all decisions. This structure may be more time consuming and require a greater level of trust and communication than the general manager approach, and it may be better suited to later states of the transfer. On the other hand, with a good relationship and clear goals, you would likely feel more fully engaged and empowered with this structure.

If you agree to divide decision making equally, you could assign management responsibility in several ways. For example, you could divide it based on individual skills and interests, resulting in greater specialization and fewer disagreements. You could also divide it according to enterprises or functions. Either approach gives you a clear domain in which to practice management. No matter how you decide to divide up decision making, though, you and the senior operator must communicate your decisions.

In addition, regardless of the approach you agree on, it's important to understand a bit about management styles. You may come from the same family, but that doesn't mean you have similar styles or interpersonal skills. Some managers are detail-oriented and analytical, while others are good at team building and creative thinking. Sometimes different styles are complementary, such as when one attends to detail and the other envisions the big picture. Differences can also cause tension, such as when one person is more inclined toward risk than the other, or when one has a greater need to talk through a decision, triggering impatience in the other. To a great extent, effective management depends on the situation. A good manager is flexible and can see both the forest and the trees. No one style or approach is better than another. What is important is that both you and the senior operator understand your own management styles and devise an approach that allows you both to feel included and valued.

FIVE PIECES OF THE PUZZLE: FROM THE YOUNGER GENERATION'S PERSPECTIVE

You can think about the transfer process in terms of five specific kinds of agreements. These are described below.

1. Business Entity

Business entities affect both how you manage the farm business and how you transfer it. There are various entity models to choose from, each with its own pros and cons, depending on the business and its goals.

Increasingly, the operating entity and business assets are organized and owned separately from the real estate assets; in other words, the business and real estate are separate entities.

From the operating and management perspectives, the entity's structure will affect your decision-making ability. For example, a general partnership ensures that you have decision-making authority to the extent of your partnership interest, while a limited partnership interest is more like owning shares of stock, with ownership, but no management authority. This arrangement may be exactly what you want for your non-farm siblings, but probably not what you are interested in if you want to eventually increase your management responsibility and authority.

From a transfer of ownership perspective, limited liability companies (LLCs) and partnerships create entities that can be transferred gradually over a period of time. On the other hand, a sole proprietorship must be transferred in its entirety at one point in time to a new owner, which could be a partnership or LLC. Corporate entities such as either a subchapter C or subchapter S corporation also provide the ability to transfer ownership gradually, but often have a more distinct separation between management and ownership than general partnerships or LLCs.

2. Operating Agreement

An existing entity or a new one created to facilitate a transfer needs an operating agreement. Essentially the operating agreement will spell out who has authority to do what with respect to the business decisions and how those decisions get made. It may be necessary, or at least a good idea, for the operating agreement to outline how decision-making authority will change over time to reflect a shift of management responsibility. Another option would be to require that the operating agreement be reviewed periodically (at least every five years) so that it can be updated.

Depending on the form of entity you have, an operating agreement addresses such items as:

- Purchase and sale of assets
- Borrowing, loans and investments
- Who is included, how parties may be added and the transfer of interests
- Contributions by the parties
- Management, including compensation and record keeping
- Determination and allocation of profits

3. Buy-Sell Agreement

Often, operating agreements will incorporate what is known as a buy-sell provision or agreement. This will spell out how the operating entity will be transferred if one of the Five Ds (death, disability, disaster, divorce or dissolution) occurs. Key details include the purchase or transfer price and valuation, payment terms and vesting schedules. Since it is most likely that the younger generation will be the buyer in these situations, make sure that the valuation methodology will be reasonable and based on agricultural value, not on market value. Adequately factor in the functional obsolescence of equipment, improvements and buildings. With regard to payment terms, the interest rates should reflect the opportunity costs of other investments, rather than bank loan rates. Finally, the length of term should be as generous as possible, since the last thing you need is a buy-sell agreement with terms that you can't meet.

4. Sales Contracts

While the buy-sell agreement is a critical component of the initial operating structure, you will likely need additional agreements as time progresses. This is especially relevant with the transfer of real estate assets, which are often owned by a different entity, or to simply start the actual transfer of operating assets from one generation to the next. Additionally, it may be useful to craft some guaranteed and/or deferred payments to the senior generation.

Operating Assets: These are usually transferred over a five to 10 year period, and can be self-financed internally, perhaps using provisions of the operating and/or buy-sell agreements, or purchased outright, with third party financing. It is important to bear in mind that while the senior generation will be focused on depreciation recapture from a tax perspective, you need to be realistic about depreciation from a functional and economic perspective. Fair valuation and payment terms should accommodate both. Outright sales are often evidenced by a bill of sale or invoice, but it is critical that the agreement or invoice be written and include basic elements such as the identification of the asset, its price and any payment terms.

Real Estate: Because the relative value of the real estate can far exceed the operating assets in most farm businesses, the transfer of real estate is often the second phase of asset transfer, after the operation assets and/or business entity have been transferred. There are also additional variations on how the asset could be acquired. The real estate could be leased for a term; leased with an option to buy; purchased over time on an installment basis; or purchased outright with a mortgage used to provide security for whatever financing arrangement is agreed upon. The critical point to remember here is that the written contract will provide you with security relative to the land, depending on what is in the agreement, even if it conflicts with provisions in a will or other estate planning documents. Be sure to discuss real estate transfer options sooner than later so that you are not relying on provisions in the will and estate plan to access the farm real estate assets. Remember, wills or other estate planning documents can be changed unilaterally, but any changes to contracts will require your agreement.

Guaranteed Payments or Deferred Compensation: Transfer agreements can be tailored to individual situations and can be used to create arrangements that are fair and flexible and which provide that two-way security and peace of mind that is so important to successful transfers. In some cases, the transfer of farm business assets can be structured in the form of a guaranteed payment or deferred compensation so that the senior generation gets financial security and the junior generation gets a longer term or sliding scale payment schedule as the operation ramps up and the business builds equity. In some cases, these payments can function as an internal annuity payment, which is essentially guaranteed for life, and often are cancelled or forgiven when the surviving spouse of the senior generation passes away. Many families transfer the farm assets and then forgive some or all of the debt over time, depending on the financial circumstances of each generation. From the perspective of the junior generation, it's often better that the property be transferred sooner than later, since that generally allows far more flexibility around payment terms than if the transfer itself is put off.

5. Estate Plan

In many instances, the perception is that estate planning is the responsibility and prerogative of the senior generation. However, with three main objectives in mind — to transfer management skills and responsibility; to transfer assets; and to ensure financial security and peace of mind for both generations — estate planning issues should be handled in the context of business transfer strategies such as those discussed above.

In addition to transferring property and other assets, an estate plan also should deal with decision making around legal and health concerns. Documents such as powers of attorney and health care proxies are important for smooth transitions and peace of mind.

Many of these issues are interrelated. Due to health care concerns, assets are more at risk the longer they are held by the senior generation. In other words, in order to protect assets such as the family farm from being used to pay for long-term nursing home care, the senior generation should transfer those assets to the next generation in a timely manner. Long-term care insurance may be an important tool for the younger generation if there are assets to protect, especially business assets.

If the senior generation feels financially secure, gifting can be a very useful estate planning tool. There are a number of reasons why the senior generation might want to make gifts, including generosity, gratitude for hard work and loyalty, protection of business assets from health care costs, and tax management.

One of the arguments against gifting to the junior generation is that the recipient does not benefit from the "stepped-up" value that assets are assigned if they are transferred at death. Bequeathed assets receive a value on which capital gain is determined that is stepped up, or adjusted, to the item's value at the date of death. By contrast, assets that are transferred by gift during one's lifetime retain the value at purchase or at the time of transfer. When that asset is subsequently sold, depending on when and how it gets transferred, therefore, can result in either no capital gains tax or a potentially substantial capital gain tax exposure. If the junior operator plans to use the appreciated farm business assets and not sell them, the stepped-up base value can be an impediment to the goal of transferring sooner than later.

Regardless of whether or how gifting is integrated into the senior generation's estate plan, the goal should be lifetime transfer of farm business assets, so that most of the business transfer has already been completed by the time the estate plan is triggered at death.

THE PLANNING PROCESS

The planning process takes time and effort, but it doesn't have to be daunting. The most important thing is to establish a positive, collaborative atmosphere for dialogue and problem solving. If you are the one trying to get the planning process started, you have a unique set of challenges. You are trying to get your needs met and also convey your concern for the well-being of the senior generation and other family members. You hope to foster harmony and avoid arguments, *and* you need to solve problems and work through any conflicts to reach the goal of completing a farm transfer plan. And all this is happening in the context of family history and dynamics.

Keep a positive outlook: This can be done. Try to remember that while the conversations might be awkward and at times antagonistic, everyone will be the better for having faced succession issues.

Here is a simple outline of how to get started:

1. Identify who needs to be involved.
2. Gather background information and documents.
3. Bring everyone to the table at a pre-arranged meeting.
    a. Select a convenient and neutral location and time.
    b. Invite an informal or professional facilitator, coach or adviser if useful.
    c. Acknowledge missing parties and figure out what you will do to involve them in the future.
4. Have a structured agenda and timeframe for this initial meeting.
5. Focus on the big picture and set a tone of support and validation.
    a. Identify why it's important to do this planning.
    b. Make sure everyone is on board with this planning to the extent possible.
    c. Establish what you hope to accomplish in these planning meetings.
    d. State clear outcomes, such as that family members will know what the senior generation wants to do with the farm.

Continued on next page

6. Start by having participants state their vision and goals for the farm business.
7. Together, identify the issues, unresolved questions and needs for more information.
8. Keep notes or records of the meeting, logging especially any decisions made.
9. Set clear tasks and assignments, including engaging your team of advisers.
10. Identify one or two people who will be in charge of moving the planning process along. This could be you, a member of the senior generation, or both.
11. Set future meetings.
12. Acknowledge progress, along with the issues that remain unresolved.
13. Celebrate accomplishments!

A TEAM APPROACH

It's not hard to see that a team of advisers will be called upon during the transfer planning process. Most typically, the team will include several of the following: attorney; estate planner; retirement planner; tax accountant; and farm business management specialist. Sometimes a land-use planner, health care consultant, or land trust employee are also brought into the team. As a member of the junior generation, you also may benefit from personal or family financial planning assistance, basic business planning advice or other types of specific consultation.

Don't forget your virtual team members. There are many, many resources about farm succession and transfer planning on the Internet. Again, most are directed at the exiting farmer, but you can get a real education about the tools, mechanics and dynamics of transfer planning from websites sponsored by your state's agricultural extension service, agriculture departments, lenders, and private organizations. One resource targeted to our region is the Farm Transfer Network of New England. Another is Land For Good. Its useful *Where Do I Start?* guide on farm succession is a great resource when you are just beginning.

Two of the biggest barriers to farm transfer planning are maintaining momentum and coordinating all the parts and players. Farmers who have attended farm succession workshops report that they go home and don't know what to do next, or that they get caught up in the daily life of the farm.

For these reasons, it's helpful to have someone identified as the leader of the process. This is a great role for you, as a member of the junior generation. You are busy too, but you also are motivated to see the planning process completed

successfully. Your future depends on it. You might seek help from a partner, friend or outside professional. This role can be described as a facilitator, coordinator or coach. Organizations such as Land For Good in New England offer coaching services that are specifically designed to support the farm transfer planning process. Staff members meet with the family, help them establish their goals, coordinate the team, and support them through the agreed-upon steps.

If there is sufficient alignment of interests and effective communication, advisers can help both parties involved with the transfer — you and the senior generation. Still, there may be situations in which the two parties need separate sounding boards for concerns unique to their perspectives. In complicated or difficult situations, siblings may want or need their own advisers. And each generation may need separate professional advice during phases of more formal discussions or negotiations. Remember that what is most important is that both generations have their concerns addressed and interests protected, however that is best accomplished.

The team approach can feel overwhelming. And costly. It's true that coordination, cooperation and expense are involved. But consider the alternatives: inadequate (or no) planning, leading to family fights; loss of the farm to taxes; anxious seniors and a displaced farming generation; or last-minute, forced decisions that result in costly legal fees, heavy tax consequences and disgruntled heirs. These are the consequences you can avoid if you can get the transfer planning process going in a timely manner. Don't wait until it's too late.

Don't wait for precisely the right moment or for a green light. Understand the barriers that each person in the family faces and get help to move past them.

STEP 4 EXERCISES

1. List the main succession and transfer issues for your farm in each of the categories listed in the Succession Versus Transfer section on page 9.
2. Compile an inventory of farm assets.
3. List your personal, family and farm business advisers.
4. List any decisions related to transfer planning that already have been made.
5. Describe your vision of the ideal transfer scenario. Include two or three other transfer scenario options.
6. Describe your management style, as well as the management style of the senior operator.

Step 5: Communication: Getting and Keeping the Conversation Going

As emphasized in this guide, a successful intra-family farm transfer involves all the stakeholders and aims to meet both generations' needs as much as possible. To get the process going, you need to engage the senior generation and other family members in purposeful conversation and negotiation about how to transfer the farm business. This can be a challenging process, but with the right tools and preparation, you can set yourself up for successful outcomes.

OVERCOMING INACTION

Farmers report various reasons for not having a completed transfer plan. Some don't plan because they do not have an identified successor. But even those with identified successors may not have a plan. The most common reasons stated include not being ready to retire; not having the time; concern about the cost of planning; and not having the right advisers or information. However, there are other common barriers to planning that many people find difficult to express. Like the rest of us, older farmers are less likely to talk about such things as their fears about life after farming; fear of growing old; anxiety about how to apportion assets; loss of control and identity; or fear of conflict. Avoiding these topics is understandable, especially when daily life and other stresses can take up all of one's energy.

Farmers report various reasons for not having a completed transfer plan. Some don't plan because they do not have an identified successor.

Your generation may also have reasons to avoid taking steps toward transfer planning. Besides being consumed by work and family life, some fear upsetting the status quo. You also may get anxious by thinking about the future; considering taking on more responsibility; or looking at your elders' mortality. You may wish to avoid dealing with an overbearing father, estranged brother or annoying in-law. You may fear failure, or worry that your farming goals cannot be realized.

Both generations need to address these obstacles in order to get the transfer plan underway. Recognize that your concerns, and those of other family members in the senior generation, are understandable. But if fears and anxieties stand in the way of moving forward, everyone loses.

Empathize with the senior generation. Remember that the process of transitioning the farm may be extremely difficult for exiting farmers. They may equate retirement with becoming obsolete, or no longer being needed. Their fears, hopes and concerns may affect how they see the practical decisions you are trying to make. If they are reluctant or even belligerent at times, don't take it personally. Instead, try to understand the source of their resistance, and let them know you care and want to work together to ensure that everyone involved is satisfied — and that the farm thrives well into the future.

Studies on paternalism and autonomy have shown that it is most effective to invite people into shared decision-making by demonstrating your interest in and respect for their opinions. Older adults, particularly if they are your parents, may have a strong need to be autonomous, even if (and indeed, because) they are losing independence in some areas. Find ways to show the older family members that you respect their need to retain some authority and autonomy in their lives, and give them time to talk about their experience and opinions, even if you disagree with them sometimes.

GOAL SETTING, PROBLEM SOLVING AND CONFLICT MANAGEMENT

Before you start the conversation, you need to understand clearly what your own goals are, and establish your own order of priorities. This was stressed at the beginning of this guide. Think about which issues are most important to you, which areas you feel more flexible about, and which things are completely negotiable, from your perspective. This will help you advocate well for your needs, while being prepared to compromise and accommodate the needs of other family members. You also need to think about why you want what you want, what you care about, and what you don't want.

This will help you communicate your position clearly to your family members, and help you prepare for possible areas of disagreement.

If and when problems arise, make a point of listening carefully for how people are feeling, and why they might feel that way. A family member might make an adamant statement that you disagree with, such as, "We'll never sell off any land," or, "We'll never make any money selling vegetables." Instead of focusing on the disagreement, learn as much as you can about the other person's perspective, keep an open mind, and let him or her know that you understand and respect his or her opinions. People tend to state absolute, unconditional positions when they fear losing something they value. By listening well and communicating respectfully, you can bring everyone's focus to the values you share, such as maintaining the farm for future generations, making good business decisions, or practicing good stewardship. Continue to steer the conversation in the direction of building common ground and working together, instead of assuming adversarial positions.

Even with the best of intentions, conflicts do arise in all relationships, and are to be expected in the process of making change. The important thing is to stay focused on your ultimate goal of a successful farm transition, and not get lost in your desire to be right or to win. If you notice yourself getting angry, frustrated, tongue-tied or impatient, you may need to take a break to cool down and reset your priorities. This can be an opportunity to think about what exactly you are upset about. Once you determine the underlying cause of your reaction, then you can move forward productively in the process. Disagreement does not have to be adversarial, and conflicts can be an opportunity for greater understanding and clarification of your agreements.

ADDRESSING DELICATE ISSUES

Within the farm transfer discussion, some topics are more sensitive than others. Figuring out the most appropriate business structure in which to pass farm assets may not be particularly provocative. On the other hand, some issues may be much more challenging to discuss, because of strong feelings associated with them. The following topics sometimes are difficult for families to talk about openly:

- Naming and assigning assets and wealth
- The role and expectations of other children
- Old age and death
- Letting go of control, management, career, etc.
- Making sure everyone is heard
- In-laws and divorce

You may bring up one of these topics and find that a family member changes the subject, becomes emotional or leaves the room. Even issues that seem simple and straightforward to one person may have surprising significance to another. You may raise an innocent question about grain prices or the location of a well or fence and find yourself lambasted by anger or confronted by a sudden stony silence. The important thing is not to give up.

When strong feelings arise, take a break if necessary, and find an effective way to address the issue. Instead of reacting to the other person's feelings in the moment, take some time to respond with respect and compassion.

Here are some strategies for approaching delicate issues:

Acknowledge the difficult feelings. Sometimes just saying what is hard can break the ice, ease tension and help people move past the difficult moment. For example, you could start the conversation by saying, "I know that we need to talk about your will, but I feel really uncomfortable doing it. I don't want to even think about your death, much less talk about it."

Get curious, not combative. Work to understand the other person's perspective, so that you can learn to approach the topic in a way that is less offensive to him or her. Whatever you do, don't blame the other person for his or her feelings. Shouting, shaming and blaming are not going to help that person feel more comfortable about the issue, and it very well could shut down the conversation.

Practice patience and persistence. It may take some time before everyone is ready to talk about death, inheritance or an estranged sibling, so take lots of deep breaths and give people the opportunity to work up to it. Still, it's also important not to drop the issue permanently, just because it's hard to talk about. If you aren't making progress on your own, get a professional to help you. Sometimes just having an outside party present helps family members address difficult topics more objectively.

COMMUNICATION STYLES

Every individual has his or her own way of communicating based on personality, history and situation. Some people get tongue-tied in front of a group, while others can come across like a stern teacher. It's good to evaluate how — and how well — you communicate with the senior generation and other key players in the transfer, including siblings, employees and advisers.

In order to be effective communicators, we need to understand our own default communication style and evaluate its effectiveness and appropriateness so we can draw on our strengths and learn to compensate for our weaknesses. Also, by becoming more aware of communication styles, we gain an understanding of the other people involved and can work more productively with them. Once you have identified your own style, you should then be ready to step outside your comfort zone from time to time.

Your personal style is both your strength and your weakness. For example, while a tendency to be direct helps get things done, it can also alienate people and make it hard to reach a compromise. A tendency to be cooperative and interactive is great for teamwork and building trust, but it may make it more challenging when you need to make an independent decision, or take a stand on an unpopular position. Once you identify your most common pitfalls, plan ahead to avoid them. For example, if you tend to be compliant and cave in too easily, bring along an assertive support person, or if you tend to interrupt and make demands, make a practice of taking a deep breath and counting to three before you speak.

Four Categories of Communication Style

What follows is one way of categorizing communication style. While most people generally fall into one of the following categories most of the time, all of us may exhibit any of the following tendencies at any given time, depending on the situation.

Directive or Dominating: Relating to control, power and assertiveness, accomplishment. Strength: You get things done. Tips: Listen to others; think before you act; remember the details.

Influencing or Cooperating: Relating to social situations and communication, versatility. Strength: You work well with others and build relationships. Tips: Finish what you start; get help with time management and decision making.

Steadiness, Harmonizing, Submission: Relating to patience, persistence and thoughtfulness, tendency to follow and go with the path of least resistance. Strength: You maintain routines and keep the peace. Tips: Make an effort to think outside the box; practice speaking up.

Compliant, Avoiding, Caution: Relating to structure and organization, focus, solitude. Strength: You pay attention to the details and are good at finding errors. Tips: Find ways of coping with change — it is inevitable.

Most of us will recognize ourselves in at least one of the categories. It is important to note that none of these styles is better than the others; they all have their benefits, depending on what we're trying to accomplish. For further information about communication styles, explore the following links:

- Adult Personal Conflict Style Inventory (free): www.peace.mennolink.org/resources/conflictstyle
- Kraybill's Conflict Style Inventory: www.riverhouseepress.com
- Discus Online Personality Profiling: www.axiomsoftware.com/default.php
- Online Personality Test (free): www.personal.psu.edu/j5j/IPIP/ipipneo120.htm
- Nonviolent Communication: www.nonviolentcommunication.com and www.cnvc.org

GETTING STARTED

Before you initiate the conversation, take some time for thorough preparation so you will be ready to clearly articulate your intentions. Prepare ahead of time by writing down your goals for the first conversation. List your questions, as well as any requests for factual information that may be relevant, such as financial data, legal issues and conservation goals. Depending on the situation, a reasonable target might be to just introduce the topic in an informal setting, and to obtain the senior's buy-in to keep the conversation going. Sometimes getting a potentially delicate topic on the table is the hardest step.

In some situations, talking with other family members first might work to your advantage. In any case, make sure that everyone who needs to be involved in the conversation can participate in significant family meetings.

Meeting Management

Plan to have these conversations in an atmosphere that is comfortable and private and that allows everyone involved to concentrate. If a complex topic comes up in an inappropriate moment, ask to set up another time to discuss things more thoroughly. This will not be perceived as rude if you make it clear that you value everyone's time, and want to give the important subject the time and focus it requires.

Formal agendas may help some families, but may make others feel intimidated. In any case, state clearly your hopes and goals for each meeting. Often, it's critical to have someone take notes, especially to record decisions and assignments. Share the notes with everyone at the meeting and with those who are part of the process but were not able to be there. If you have an outside facilitator, that person can take charge of the agenda. It's often important to summarize and to check in with everyone at the end of the meeting.

Model good meeting behavior by listening patiently, being truthful, taking responsibility for your own actions and separating your feelings from the facts, so that you can think clearly and help bring focus to the shared intention: Successful transition of the family farm. Family members frequently carry preconceived notions about one another, which may be based on ancient history. If this is the case, be understanding, but also be clear about who you are and what you intend today, as a responsible adult.

If a discussion veers off track, or you notice one person becoming agitated or non-productive, practice active listening, which lets people know that you really understand them. Active listening involves hearing the other person's story and reflecting back to him or her both the facts and the feelings conveyed through words and/or body language.

Acronym for Active Listening: EARS

Empathize: Set aside your own feelings for the moment and put all of your attention on understanding what is being said to you. Convey your attention through your words and body language.

Ask: Ask open-ended questions that convey curiosity and genuine interest, not judgment or criticism.

Reflect: Communicate your understanding by repeating back what has been said to you along the way and include, when appropriate, what you are noticing in body language, facial expressions and other non-verbal communication. For example, "You don't want a CSA on this property because you are concerned about the number of people who would be on the farm. It is upsetting to you that I didn't mention the CSA earlier in our conversations."

Summarize: Recap the main ideas conveyed, continuing to refrain from judgment or response, and ask the speaker if you've got it right.

Plan to have these conversations in an atmosphere that is comfortable and private and that allows everyone involved to concentrate.

If you don't understand something, ask non-judgmental, open-ended questions to make sure you are getting it right. Open-ended questions do not require a yes or no answer and usually elicit a fair amount of information. They are non-threatening or relaxing because the person being asked doesn't feel as if the questioner has an answer already in mind. Avoid using the word why, since why questions often sound as if you are asking the other person to justify or defend his or her position.

Here are some examples of open-ended questions:

- Can you tell me more about...?
- Would you like to talk about...?
- Can you tell me what that means to you?
- How would you like things to be?

As you listen to others, you can begin to develop an understanding of the situation from their points of view. Once they feel understood, they are more likely to listen to you non-defensively and be interested in your perspective. Together, you can begin to understand the areas where you share common ground and where your needs or wants differ.

GET HELP WHEN YOU NEED IT

As mentioned earlier in this handbook, calling in a neutral third party as a coach, adviser or mediator can help family members see things more objectively, listen to one another more attentively, and organize the complex information involved in the transfer planning process.

STEP 5 EXERCISES

1. Spend some time learning about different communications styles (see links above). Identify your style and the styles of other key players in the transfer planning process,
2. Describe your communication challenges, if any, related to the transfer process.
3. Write down at least three specific things that you can do to address your challenges. For example, speak up more; take a deep breath and think before you speak; be intentional about listening to Mom more carefully; get everyone to commit to a specific meeting time in a neutral location; etc.
4. List what you perceive as the biggest challenges for the senior generation regarding your farm transfer discussion, putting yourself in their shoes.
5. To help with structure and accountability, use a meeting planner to help you prepare for and track important decisions made in meetings. See the next page for a sample.

Meeting Planner

Date ________________ **Time** ________________ **Location** ____

Leader: ____ Timekeeper: ____

Note taker: ____

1. Purpose/intended outcomes ____

____

____

____

2. Agenda

Who leads: ____ Time allowed: ____

____

____

____

3. Attendees ____

____

____

____

4. Key points from meeting ____

____

____

____

5. Outcomes ____

____

____

____

6. Action Items

Who: ____ When: ____

____

____

____

7. Next Meeting

Date: ________________ Time: ________________ Location: ____

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