



FCC Knowledge Podcast Season 3, Episode 9

KEEPING YOUR FARM TRANSITION PLAN ALIVE

PODCAST TRANSCRIPT

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N: From AgExpert it's the FCC Knowledge Podcast, a show that features great conversations about the business of farming while guiding you down the pathway to transition.

JB: Acknowledging that we might each have different values even within our own family, maybe the issue we're facing right now isn't such a big deal and something we can work through because we've talked about that.

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N: Hello and welcome to our ninth and final episode of the FCC Knowledge Podcast for Season 3. Congratulations, if you've stuck with us all the way through eight episodes, we hope you found a lot of useful information and tools to start planning for your future. For this episode, we're going to continue that conversation as we review and revisit our previous discussions and bring vital information back to the forefront of the conversation. We've explored a lot of ideas throughout this season, and some of our amazing FCC business advisors from across the country are back to sum up the key elements and resources they've already talked about. There is plenty of information in our podcast series, and transition planning itself is a long and difficult journey. You're not going to hit all the nails on the head in one pass, so don't be afraid to revisit some of these previous discussions on your own.

FCC business advisors Andrea DeGroot and Joel Bokenfohr host this conversation featuring their fellow teammates. We will be referencing back to some of our resources we've already shared with you, including our eight-step checklist from Episode 1. If you haven't already started to use the checklist or have started taking notes on your financial state, your business plan or your transition plan, feel free to press pause and open up

these documents, or print them off so you can follow along and maybe even take more notes on things you've missed or forgotten. We will link them in the episode notes. Here's Andrea to kick us off.

AD: I hope you have a pen and paper and are going to be able to follow us as we go through the previous eight sessions. So, without further ado, I'm going to have Joel Bokenfohr, one of my fellow colleagues from Alberta, join me, and we're going to get right into this. Joel, welcome today.

JB: Thanks, Andrea. We had a long journey, lots of different topics, lots of different ideas, and the theme today is really about keeping that conversation moving forward, so really looking at how can we review all those steps that we covered. We might have to revisit them time to time, right? There's a lot that got packed in there and there's probably a lot that got left out too. This probably could have been a 20-part series and we might have gotten through all of it. But there's a lot to cover and to revisit and repeat, and that's a bit of the theme today. We're going to talk a little bit about how you keep that conversation going, how you check in, what are some things that you can do to keep it current for yourself and continually plan and repeat that process. Because there were so many different topics, different ideas, different ways to start those conversations or to progress in a conversation, I think always recognize a little bit that it comes back to prioritizing which one you're going to move forward with and what makes sense to you. It's a cliché you've heard from many of us I think at different times. But this transition plan isn't something that's just that we had one conversation and we solved everything. I'm not saying that can't happen, but you usually don't get to the best outcome when that does happen. You're trying to get to something that we want to live into a little, make it continuous. We want to be really intentional was kind of the theme of this whole series is, what if we got really intentional with our plan and move it forward. As we kind of repeat and go back through these, recognize each of those video series you as a family member might address at a different point in time. So, for some families, you might be past video 1 or 2, or for some, you might be at the very beginning stages where we need to revisit what it was. I think you and I both have chatted lots with every family we've met with. Everyone has got something a little unique to them going on. There's no family in the exact same spot. You're going to prioritize and look at those videos as tools that you can use to guide your conversation in your situation. As it happens with a lot of families, procrastinate on what we want to do with these things. I always go back to why it becomes important to revisit. When I meet with families that if we're stuck on not knowing what to do, it means we need to look at what education is out there, what tools and resources we can learn from. We can get the education behind us to move forward. If we're starting to be in a place where we understand what we need to do, then we need to start talking about how we're going to execute that plan and start to move forward and put things into action. And if we're trying that and it's not working, it might mean we're not being really consistent with it. We need to start to look at, how do we be consistent. So, I look at those as pieces in this Review and Revisit theme that we want to keep current. I don't know what comes up for you in your mind as we talk about this one.

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AD: Thanks, Joel. I think one of the biggest things for me that comes to mind, and I feel like a bit of a broken record here too, is that transition is something that's not measured in months or days. It's measured in years. Meaning it's a constant evolution that's going to include your family. It's going to include your business. And because of all those moving parts, nothing is going to be stagnant. So, there's going to be constant change, and that's why reviewing and revisiting this part is really truly a part of your day to day in your business. I know that for some people that process sounds daunting. And one of the biggest parts of that is even just to get started. And I hope that the people that are watching can look back, think back over all of the nine series and say, we now know why we need to start. I know for some of the families that I work with, the night before I'm coming to the farm or we're having a meeting, they lose a lot of sleep because they're not sure what that conversation is going to look like. They had some pretty big expectations that this is going to be solved in a day. Once you start talking about it, you're going to collect information, you're going to collect people along the way, you're going to collect ideas, and that's going to get you where you need to be. So, when we talk about this as a process, it sounds really formal. It sounds very much like we're putting them in a box. And the reality is that we are not. This is about them. It's about understanding what's going on in their world within their family and their business, and then finding the people and the resources in the industry to help them as they move through that process. I believe it was July that you got started with you and Annessa on that Prepare and Identify. When we started back then, we really had some clear ideas on what we wanted to accomplish from this transition series. And one of the biggest actions that we really wanted to focus on was getting started. I know there are a couple of additional aspects that we worked through, and one would be the checklist that as a team we've all kind of been able to help share and create. It will help you ask questions, kind of write down some notes of things that you want to come back to in the future, but that checklist is there to help you through this process. As Annessa and Joel were working through that Prepare and Identify, one of the biggest aspects that they wanted to introduce was the three-circle model, so that idea that we have family, we have business and we have ownership. And there are going to be different topics of conversation for each of them. For some people this has maybe been the first experience that they've seen those three circles. And as we think back to that first video with you and Annessa, what are some of the other aspects of that video that come to your mind?

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JB: Transition can be a noisy topic at times. It can be something that seems like there are a lot of things to think about. It was really about trying to get comfortable that these are things every family is going to face to some degree. For some families, things in there might be big issues. For some, they might be smaller in nature, but every family does experience some things. It is something you're not alone on. There are some proven ways to kind of get plans together and make it unique to what's going on for you in those three circles you mentioned. And in that one, we've really tried to just address what should we be thinking about early on to prepare and get ready for how we want to do this. We played some fun games. We've listed out a lot of the common issues that come up in plans. We've mentioned that it's a process, not an event. There are some buzz words in there, so if you go back to that video, we played buzz word bingo a little bit to just get used to some of the terminology that might cross your desk. It highlights a little bit that

there's not one answer. There are theories, I think, that we try to share that these are how people look at these things, and we try to share the theory or the idea of different ways people interpret what they want to solve. Then it comes back to you as a family and a business to try to say, okay, how does that apply in our situation? So, we tried to share a few things from that perspective, really about what you could do to get started, and address maybe a little bit of hesitation that exists when you're planning upfront. And really starting to assemble that for each of those circles that you alluded to, that you've got one that is going to address our family needs and one that is going to be focused on the business, and one that's going to focus on ownership. In addition to some common issues that can pop up, there's going to be different advisors that can play different roles in each of those circles. So, if there's something we're dealing with in the family, that might be bringing in a facilitator, that might be personal investments or things like that or family participation policies. Whereas if we're in the business side, we might be looking more at business coaches, consultants from that side of it. And for ownership, we might be looking kind of more at lawyers, legal accounts that we can get some perspective and ideas from. You might need to pull different people in of different types. And then one of those key themes was to use that eight-step checklist in the early part of that checklist. What can we do to get ready to meet different people to have these discussions as a family? If I prepare this information ahead of time, it's going to put us on a path to have a much more productive conversation as we move forward. It was really as a tool to highlight what you can accomplish upfront, get comfortable with the terminology and some of the issues that might cross your path. And recognize that if we can develop clear goals for those, identify what might come, then we can start to craft a little bit of an action plan for what we want to do. A question I ask a lot of the families I meet with is, "Thinking a little bit about the end in mind, if you can just kind of wave your hands and something magically happen, the transition just kind of happened, what would it look like?" And you can kind of work back. What are we striving for it to look like as a family, what do we want to see to make sure we don't lose sight of as a business, what's important to us? As the owners of a business, what makes it important for us to forecast into the future, say this ideal, now how do we work back from there?

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AD: I think one of the concepts that I really think is important is that, as you get started you're not going to know the end result, and being okay to continue to work through that and not have everything in concrete terms. And that may be the plan. That may be who's going to be taking over. That may be even the technical partners, those lawyers, accountants, maybe there's a tax specialist. Maybe there's a variety of different people that you don't even know you need in your transition plan that are yet to come in your future. And as you get started, to be okay that there's going to be some non-negotiables, some things that are really, really important to you that you know you have to put into your plan. But there's going to be a whole bunch of things that you're going to uncover. And that's why it's the process. You don't know all the information right now. You don't have all your partners ready with you. And that's why it's a process. So, at the beginning, one of the biggest things from Prepare and Identify is to come in with that flexible, curious mind, of saying, yeah, we're ready to get started and we're going to trust that we're going to continue to work through this and get where we need to go.

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JB: No one person has all the answers, so we have a great team that we were able to get some help from and recap videos as well. We're going to welcome in Valerie Panko as a business advisor from Saskatchewan, and she's going to talk a little bit about video 2 that was about assessing current state and identifying numbers, and recapping a little bit from the business plan which was video 6.

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VP: Hello everyone. I plan to offer a couple of pointers today around the topics of using your numbers to make decisions regarding transition plans and making sure that your transition plans line up with your business plan. So, one of the biggest issues or hurdles that we often see people struggling with is knowing how to determine if there's enough farm or farm income to go around and support both generations through a farm transition. What I mean by that is determining if your farm can afford to bring another family or the next generation into the operation and to continue to support yourselves through retirement. So, I'm going to assume that you've taken the time to accurately determine the income required for retirement for the senior generation. That was covered back in the first video in this series called Prepare and Identify. So, we're going to presume that you know the financial needs of that retiring generation. You just don't know if the operation can afford it. So, what we're talking about here is the level of profitability and viability of that existing farm generation. Remember just because someone is returning to or joining that existing farm, it doesn't necessarily mean that more income or profitability will magically be generated. You'll have to determine how to allocate the existing profitability in the best interests of all parties. So, this is often a stumbling block because, you guessed it, it's probably going to involve some math. So, I'd suggest you lean on your accountant or your financial advisors if you need some help in this area. Consider back in video 2 from this series, Assessing Your Current State. Gather up your financial statements and business performance records to evaluate it. If the operation doesn't end up generating enough income to support another family transitioning into the farm and you've evaluated it early enough, there might be time to prepare or react to a successor joining the operation by expansion and ensuring that you've got that additional income available. The next area that I'd like to touch on is your business plan not necessarily lining up with your transition plan. So, this one connects back to video 6, Building a Business Plan. Let's talk about a couple of examples of this that I've seen. So, perhaps a family has no identified successor and it appears that no one is coming home to take over the farm, yet that operation is investing in land and actively expanding just in case. That may sound harmless, but this illustrates a perfect example of your business plan not lining up with your transition plan. If you're nearing retirement and saying you plan to sell and exit, yet you're actively expanding, it's really more about acknowledging your business plan and committing to it, rather than falling into the trap of making those big decisions that might be rooted in emotion. What about an operation that's invested heavily in land improvements? It could be something like drainage, clearing, irrigation equipment, but here's the catch. The investments might have been made by the operating farm company, but the land is owned personally, and perhaps that land isn't necessarily secure into the next generation. So, maybe that land is held jointly with a parent or maybe it's held completely personally by parents, but the company rents

the land and has made those investments in the improvements. What if the land and its improvements are integral to that business plan for the ongoing operation? I would assume they are. Perhaps that junior generation has avoided asking about it in the estate plan and the intentions for those assets, or they haven't been told. It might be information that's been withheld. Wills and estate plans are notoriously touchy topics. So, this isn't really something that should be left up in the air though. So, this is for both generations to consider. We can't leave those critical assets or improvements unconfirmed for the ongoing operation. Take the steps to either find out the intentions, or if you're the senior generation, make sure you're communicating with the next gen so that the business plan can be adjusted if necessary and ends up falling into alignment with that transition plan.

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AD: Thanks, Val. Well, that was a lot of great insights and I loved the fact that Val really leaned in and gave some really reasonable and practical examples of where sometimes when you're working through numbers or you're working through your business plan, things don't go exactly as planned. The two key elements from video 2 and video 6 is really around taking the time to know the numbers and if you don't know the numbers, find some people who can help you. And having the conversation about what is going on in that business plan. Joel, how about you, what were your key takeaways from Val's video?

JB: It really aligns, this one in particular I think, along that Revisit and Repeat process. As we're revisiting that process, it's going to be kind of another living document that's going to say, we know our numbers and we've got good process around that. We've got a working business plan that we can use as a family to keep having these discussions and actually put numbers to it that say, are we in a place where we can expand and we can grow and also have multiple generations drawing income from this business to move forward with? And is that something that we're committed to? Or, the senior gen is saying, you know, I've maybe bought my last combine or tractor, maybe it's your turn now. And is it from the farm or from operations if we have different entities working side by side? When we're having these conversations, a lot of stuff gets lumped together, and it really helps us start to separate out, okay, what's our operational picture look like, and it's saying, well, we've made some acknowledgements what our assumptions are, let's talk about the business, and things like that. I like it as a tool to help you stay on track and something that you're going to keep revisiting and I think helps both generations understand that from the junior side, maybe a little empathy that there's a lot going on in this picture that we need to maybe take into account and why it's kind of a stressful process for the senior gen. I think a business plan, knowing your current state and having the numbers can really help you put some math to it to discuss some of those issues. I think there's a lot to take away and it really becomes how do you live and keep that business conversation going as a family. That is what resonates with me.

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N: After the break, we're going to keep digging up even more of those important key points from our last season. Don't go anywhere.

- AD: All of your technical partners, whether that's your accountant, your lawyer, financial planner, your banker, whoever that is, they're there as an investment into your future.
- Ad: *The FCC Knowledge Podcast is brought to you by AgExpert, farm management software designed for Canadian agriculture. Learn more at agexpert.ca. Just a reminder to like, follow or subscribe to our podcast on Google Podcasts, Apple Podcasts, Spotify, or wherever you get your podcasts. We'd also love to hear from you. Feel free to drop us a line at podcast@fcc.ca.*
- N: Welcome back. The path to transitioning is not a sprint but a long-term jog that takes years to complete. Sometimes the first step is just getting to that starting line in the first place. What are some ways you can keep up the pace and keep working towards crossing that finish line together with the rest of your team? Today we're looking at reviewing and revisiting some of our key points of the transition discussion, so you can do just that. Keep moving forward. Andrea, Joel and other FCC business advisors have already talked about starting to compile your team, what important financial questions you should be asking, and what you want to see for your future. Here's Andrea to introduce our next member of the team.
- AD: We just talked about the importance of the business plan. Let's take a moment to review and revisit Goals, Values and Vision. And to do that, we have Corey Henderson from Swift Current, Saskatchewan, and he's going to give us the rundown and recap of Goals, Values and Vision.
- CH: My message to you today is that reviewing and updating these values, visions and goals for a farm is just as important as initially defining them, because we're in a fast-paced industry that continues to evolve, so your business will need to evolve as well. Let's start with your values. So, your values are like guiding principles for the business and are more consistent, so they're less likely to need to be updated as frequently although they can still change as life circumstances change or maybe as partners get involved in the business that have a little different value structure than what the initial partners do. Or sometimes it's as markets change and as consumer demands change, we might have to adapt to continue to survive in the industry to meet those changing demands from consumers. Now looking at vision, vision is where you see the business in the next several years, usually maybe five years out, ten years out. So, it's more likely to evolve, especially as life situations change once again and as priorities shift. Look at your vision for your farm when you're 25 years old versus maybe 40 years old with a family and more established. When you're 25 years old, you've got more time, you're probably more likely to take on more risk, and maybe you don't have that family so you're able to work longer hours, that type of thing. When you're 40 years old, now you're looking at you probably want to spend more time with family, you've got more family demands, or you're looking at the equity you've built up over time and maybe not wanting to risk that quite as much, so you're going to be maybe a little more conservative. You also have a spouse to consider as far as what's their vision and how does that align to yourself and does there need to be any shifts there. So, as you can see, there can be quite a substantial difference in that vision depending on what stage of life you're in. Vision can also shift with different partners becoming involved. Maybe you're going to farm with a sibling,

for example. But what happens if their vision is a little different than yours? You may need to adapt to kind of achieve a bit of a compromise between the two visions. So, if one of you is maybe more conservative, whereas the other one is a little bit more eager to expand, how can you work together to make sure that that vision works for both of you? The third item is the goals. So, goals are shorter term and are measurable. So, think of goals kind of as the building blocks to achieve your vision. They'll constantly be evolving, especially as an operation encounters opportunities and challenges. As many of you guys know, farming isn't exact science, so sometimes challenges arise that impact how our performance was on a year or maybe what our future plans are. Opportunities also arise at times. Sometimes it's not the greatest timing. Sometimes it's maybe not the size of expansion that we were maybe looking for, but sometimes these opportunities come up and it's hard not to act on them when they're available because they may not arise later on. A good example of this would be I have a goal to replace my sprayer in the next three to five years. And while maybe that sprayer if it breaks down on you, for example, and you start looking at the cost of repairing it versus replacing it, and you're also looking at an expansion opportunity that's coming up where maybe you need a little bit larger sprayer. Well, you might decide to shift that goal and maybe increase its priority and maybe replace that sprayer a little earlier than you initially thought. Then you've got to look at your other goals and say, okay, now if we've updated the sprayer goal and we're shifting that priority, how does that impact our other goals? Are they going to continue to be achievable if we're going to do the sprayer as well? Another example where a goal might shift is, you might have a goal to build a house in the next five years. Well, what happens if an opportunity comes up maybe to buy a parcel of land that has a house on it already, you might decide not to build the house because this one already has an existing house. And how does that change the other goals as well? As you can see, the goals and the vision are going to be constantly evolving with those opportunities and challenges, so we've got to keep working towards and looking at, okay, where do we want to be and then how is this going to evolve as we encounter these challenges and opportunities? Thank you.

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JB: Awesome. Thanks, Corey. I'm going soft as I get older here a little bit. Time and time again when we meet with families, I think, we're trying to get them to a place where they can write these things down a little bit and put them out there. It makes such a difference when you're going back to your advisors that you've got those goals clear in hand, that you've got them written down, and that you can kind of line up and see why are we maybe butting heads. Dad and mom, they've built maybe the farm that they're content with and happy that they've worked towards and a lot should be proud, right? We're in an industry that is growth oriented, so sometimes that next gen is kind of jumping at the bit, we've got to keeping, we've got to keep going. We're talking through those different issues of labour and purchases. Writing them out, just openly discussing them, I couldn't agree more, is something that time and time again makes such a difference for farm families that we see. Like a lot of farmers, my number one hobby is surfing Kijiji for stuff that I don't need. Kind of keep you focused on, okay, what's the goal that we're working towards? I want to buy something in the future, I want to plan for that can help you say no to certain things as well when you've got clear goals that pop up. Corey kind of touched on a little bit of how those visions can separate and they might progress as we

change and progress throughout our careers. And I always do like the values piece of it as well. Even going through a process, what aren't we willing to compromise on to some degree? These are the things within a family that we should openly talk about and share. What are the ones that we don't really compromise when we have these discussions? And that might be family oriented, business, all kinds of different drivers that might pop up for you, but acknowledging that we might each have different values even within our own family. Maybe the issue we're facing right now isn't such a big deal and something we can work through because we've talked about that. I think Corey recapped that quite well, but I'd love to hear a little bit about what stands out from you, Andrea.

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AD: When I sit down and talk with families, the idea of goals and values and visions sometimes feels fluffy to people. And it seems like, oh, well, we're recreating something here, we're doing something that's new and we have to put it in this business plan. But the reality is that when you start asking the senior generation how they decided what opportunities they were going to take care of, even where they were wanting to build their businesses over time, the reality is they have their own goals. And when it was just themselves or maybe even themselves and their partners, they were already aligned most of the time on those kinds of goals and values and visions, but they haven't necessarily written it down. And when you have that next generation coming in, this is now something that is not just your goals, your values and your visions for this farm. It's going to be more people at that table. So, that's where the formality of sitting down and really taking some time to write this down, so that just as you're surfing Kijiji, maybe that next generation when they're surfing Kijiji as well, because I know my husband is. It's a farm thing. I get it. They'll be looking and looking forward to doing the same things in the same kind of team environment. But if it's not written down and it's only in maybe that senior generation's head, that's going to be really hard for people to come back to and to really ground them as to where they're going in the future. So, goals and visions is something that once you get that aligned and you can have that conversation, it really does bring clarity as to helping you put together that business plan. And once you have some ideas of that business plan, that helps you understand the importance of those numbers and moving forward that much more.

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JB: I think it leads pretty well into the next one. There are things that we can bring to advisors as well. I think it makes such a difference when we've got them written out, that we can kind of take the same story back out to different advisors that might help us along the way. So, Patti Durand, business advisor from Saskatchewan, is going to touch on video 4 and 5. So, in video 4, it was really about how you could look at assembling a team. And we had a great panel, a lender, an accountant, a lawyer that joined us to talk about what you might need from their perspective. Let's turn it over to Patti and she'll recap that session for us.

PD: Step 4 on your path to farm transition was hosted by Joel. Building a farm transition team, how to find the right fit. Joel assembled a panel of experts, an accountant, a lawyer and a lender who explored and shared their experiences with farm families, identifying

the most helpful guidance and what they know to be helpful steps for farm families seeking advice. I would encourage you to watch it yourself. There are some great things in there that I know to be helpful. But what really rose to the surface for me were two things. Number one, they highlighted ways to assemble an all-star team of experts that are not only willing, but able to work together and collaborate, to identify options for your farm with your best interests in mind. What is the quality of a good advisor? They want you to look for and value curious advisors who you know are listening to you, asking really good questions and pushing you to consider other possibilities, but that you are also comfortable to ask them questions. Thinking about identifying advisors and the theme of getting good advice, in a family meeting I will ask, have you discussed future planning and transition with your accountant or lawyer? In a number of cases, the family or farm leader answers, no. So, why do some advisors open the conversations to discuss future planning and strategy while others don't? Sometimes the advisor that you're working with, such as the accountant or lawyer, are general practitioners without the expertise to offer or guide transition specific options. You wouldn't expect your family doctor to do your hip replacement. Likewise, your general accountant, who can do an excellent tax return or lawyer that can turn around a mortgage on a dime, might not be the right person to have the specialty of supporting transition. Another possibility is asking yourself, have I clearly asked for guidance and advice for my transition? Have I made the time or given the professional time to delve into this advice? Have we prioritized time outside of each of our busy seasons to have a planning conversation with our advisors? Sometimes the answer is no, and sometimes people seem to want to get in and out of the office as quickly as possible. Maybe they're trying to save cost. Maybe they just haven't placed a high priority or missed the opportunity to tap into that advice. How can you get unstuck if you haven't started this conversation with your advisor? You have this opportunity. Book an appointment with them outside of their and your busy seasons to have a bit of a blue-sky conversation. You can explain, I would like to discuss the future of our farm and family. Ask them, is this something that you're equipped and have the expertise to guide us on, and if not, could you recommend someone who is? Most advisors I've worked with are very self-aware and know where their expertise lies and doesn't. So, they might say, no, that's actually not what I do, but here are some people that could. Occasionally, there are some that attempt to delve into it but maybe aren't best suited. You have the ability to go and get a second opinion if you're kind in question, and just make sure that the advice you're getting truly is the most productive and has your best interests in mind. If it is their expertise and you open the door to that conversation, you will learn that they can really be an active participant and share information and awareness with you that you wouldn't have otherwise. So, don't let that resource go to waste. If you're feeling stuck, there are some ways to get unstuck. I'm happy to share.

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AD: Well, thank you very much, Patti. One of the biggest things to take away from this is the fact that you do not need to do this yourself. Just at the beginning of today's session and it's something that our team has mentioned continuously throughout our entire nine-part series is that you will be having a number of different technical partners that you're going to lean on. And they're going to come in and help support you through the areas that you're going to need. This really is an investment into your farm. No different than Joel

looking on Kijiji to find that piece of equipment. That piece of equipment is an investment in the farm. Your technical partners are not different than that. Their time, their fees are basically your investment into your farm. You're buying their expertise, their knowledge, and you're encouraging them to share their education with you so that you can be aware and really be more active and work through your transition plan in a better way. All of your technical partners, whether that's your accountant, your lawyer, financial planner, your banker, whoever that is, they're there as an investment into your future. So, that's one of the biggest things that I think from this nine-part series I hope you've heard loud and clear. And, Joel, what about you?

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JB: There's a lot there and I would go back to the wills one, I think, stands out for me. In your checklist if you reference, there is an FCC tool that can help you kind of dump out, what are some things I can prepare in advance to kind of get my thoughts collected and together for a will. They are good preplanning tools that help jar some conversation, and there are ways to get creative with them. I always looked at that one, there are a few videos that we have on the YouTube channel with Tom Deans as well that really highlight the value of the will. It is going to be something we'll be reviewing and revisiting over time. There are always those stories that we're sending 40-year-old kids off to live with their aunt because we haven't updated it for 30 years. There are things we'll revisit. As we start in our plan, it might be general, it might be a little more open on what we want to do with our assets. We might be thinking about, what if our kids are still minors and something happens? We should be prepared for that. And as we progress and we're developing a business plan with the generation coming in, there's going to be questions around what if either way happens and we're trying to build some certainty. So, always look at, we're trying to get some transparency out there in that process to say, we care enough about each other to make sure things are certain for what's going to happen and we don't leave anybody on those what-ifs or that old chicken will, I leave everything to my spouse so they have to deal with it. I think we've both met with lots of people that are in their 80s and that will was in place and now they're trying to go back to manage those wishes, and it's an incredibly frustrating process for them to deal with too. Bring in those goals, values, current state analysis back to the same advisors. A lot of them like to work with other professionals and you as a family in that, so you get the answer and everybody gets to hear the same messages at the same time.

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AD: Well, that brings us to our last special guest, which is Terry Jones, and he will be covering video 7 and 8. Video 7 was about Train and Develop, and that is all about the people. So, how are we going to support the people throughout this transition plan? And video 8 was Align and Activate. That's all about bringing people back and having those tough conversations to gain alignment and to keep things going.

TJ: Thanks, Joel and Andrea. So often we think that if you've grown up on a farm or you've worked on a farm all your life, you're ready to take over. You think about all of our professional hockey players. They're out there working every day. And who is helping them? Professional coaches. Some of the contracts these coaches are more than what the

players earn. So, the value of coaching is something that is so vital and especially true when it comes to working a farm operation. Understanding the why things get done and the way they are done is so important, as this is even more vital than actually doing, because when something goes wrong, you've got to understand the why. And if you've ever cared for a toddler, you hear the why, but why? And when you finally are fed up and you answer, because I said so, you know you've failed. That's not teaching and that's not coaching. Teaching a toddler on the basics of things they have to learn as a kid is rather frustrating. It shouldn't be frustrating with regards to going into a farm operation, but when you're busy, boy, that frustration comes to life. And it's so important that we take the time to do it right. So, I'm a believer in starting the development process by performing an assessment on the capacity of the next generation. Do a skills assessment. And I recommend that this is a self-assessment done by the junior generation members, but also done by the senior generation, because you'd be surprised how different perspectives can be when we look at ourselves and when others look at us. And if you're lucky enough to have a job description where the roles of your business are laid out, add this to the process, because it's just another tool that will help you get better. Once the assessment is done, it's time to sit down and develop a plan with specific areas of focus. Who will be providing the mentoring? What is the expected outcome? And, as always, put a timeline on each one of these activities. Evaluate the process, but don't be afraid to re-evaluate the plan, go back and tweak things. And if things are working, move onto the next area and continue the process. As you move through the plan, it's going to be time to actually say, let's do a test run. It's time for the senior generation to take a vacation, handing over full responsibility to the next gen, and give them an opportunity to really build their confidence. Now when I say a test run for all those control freaks out there, it's not taking a weekend off. It's going away for a week or two. What's reassuring about this is help is always a phone call away. Look at this as an opportunity to try and learn how to enjoy your time away while you're helping the next generation really move forward in their skills. But before I go, I want to share an encouraging story that I ran into. Mom and dad were slowing down and getting ready to exit the industry. Their kids had all gone off and found good jobs and they were settled. And during one of the family conversations, the son says, "I think I'd like to come back and farm". Well, as dad said it, you could tell the hairs went up on the back of his neck. The son had a high paying job, just finished building his dream house down the road about 20 minutes away. Would he be able to give up that nice salary? Was he willing to put in the longer hours that are required when you run your own business? Would he be willing to sell his dream home and move close to the farm? And what about his wife? She's not from a farm. How would she adapt? Well, they sat down. They talked through it. And they came up with a two-year plan that they built together. The son quit his job, commuted back and forth to the farm, and he took only a market wage out of the farm. And during this period, they followed that plan and he learned the operations of the business as he worked directly with dad with the focus of trying to make sure that he would be ready when the time came. Well, here we are two years later and the dad is now ready to step back, and he's comfortable that his son has what it takes to run this farm and make it successful. Their journey though is not complete because now they're focusing on the managerial or business management that's required to run your own business, so the development plan is continuing and dad can do this from afar. The good news is with the progress they've made so far and the clear path that they're going in the

future, they are now starting to talk about a transition of the ownership. It's a win-win scenario.

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JB: Terry covered that beautifully. It's amazing how many of these conversations where the senior gen has got a whole host of experience, how they made decisions on the farm. They make decisions sometimes on intuition, the knowledge and experience that they've had. And that senior gen is kind of grasping, how do you know what the right answer was, the right thing to do in that situation? That can be frustrating at times for the senior gen, but acknowledging they're asking the right questions, it is something they're trying to understand. A "why" is not always a challenge. It might be we're trying to get on the same page with that. And always look at, if we're saying as a family, we want to transition, this becomes an important thing to look at the mindset that we're going to bring to this in terms of, how do we get on the same page? How do we be intentional about that training plan as well? How do we be intentional? And the culture really starts to be something that you can be proud of owning as a farm. I'm not picking on the senior gen here, but I think the leader of the business going through these processes, you get to dictate a little bit of what that experience is going to be for people coming into the farm. The actions that the senior gen has are generally the ones that are going to get mimicked a little bit. When we're maybe secretive about things, sometimes tend to be the bad signs of leadership. When we try and be open and transparent, you really get a lot farther in a plan I think as people and as a family. So, from the senior gen, that can be important. And from the junior gen, a little bit of empathy as you go through it too that this is stressful for a lot of families to figure out. So, having a little empathy as you go through the process to say, it's going to take some time, something you might have to work together on. You get this opportunity when you're early in plans to really focus on a skill set. You're not worried about keeping combines going. You're not worried about all the little things that are systemic in a farm, that you can really focus on what's the value I can bring back to this operation before I start asking what it can do for me. What skills am I going to bring, how can I improve, what can we do from a business side, goes a long way in these conversations. Andrea, anything stand out for you there?

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AD: One of the biggest takeaways that I know I wanted to focus on for that Train and Develop is the fact that both junior and senior generation are going to have some kind of development. And so, the junior generation absolutely they're going to have some increases. They're going to need to add some of their technical skills. There may be a steep learning curve there for them. For the senior generation, it's also important to acknowledge there's going to be some learnings for you to change some of the tasks that you have done in the past and to make space for that junior generation. And acknowledging that you're both going to have that kind of plan and that training and developing what your new role is going to be, because the whole point of transitioning is that your current role is going to change. And if we can go into it with that mindset of acknowledging that things are going to change, I think that just opens the conversation to saying, okay, where and how are we going to be changing, and using that RACY model,

and understanding the core personality that you come to the table with is incredibly important.

JB: I'm somebody that likes tools. As much as anything, they're there as a reminder to say, hey, let's not drop where we are at. And I think they are things that we can use to be intentional. We can find our own mix as a family for what's going to work for us. Some people need lots of formality, some very little, but it's still something you can keep current to keep moving forward with. Some tools to start that business conversation, I would go back to maybe video 6 and look at that business canvass that's there to say, okay, here's a bunch of things we can answer. We can do our current state analysis. And then kind of look at a canvass to say, what is it going to mean for our family, for our revenue, for our cost structure, those things that we want to build together. The three-circle model, looking at that and kind of pencilling out what things might we encounter as we go forward that might seem like a big deal today but it's not going to be something we'll let impact us 10 years down the road. This is what we're striving to be as a family, as a business, as owners. And then find and process pieces, right? Formally scheduling meetings and maybe using tools like shared calendars or whiteboards. Identifying tasks for clarity so that we're starting to own this process, I think really stand up. They go a long way when you're working with your advisors too. Any final tips on your side, Andrea, as we wrap up?

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AD: I have two. One would be around regular communication and setting it clearly up at the beginning. Whether that be a family meeting and maybe that's an annual meeting, do this on a regular basis so then you know when the meetings are coming up, what kind of topics are going to be on the agenda. Again, we talked about coming to the meetings organized so that you're not catching anybody off guard and they know what's going to happen. The second part would be acknowledging when and if you need to change the transition plan. What kind of events are really going to force that conversation? Is it if something happens in the business? Is it something happens in the family? And talking through those kinds of scenarios before they happen when it's not an emotionally charged time, when there's not people who are stricken with grief, that's the time to have those conversations and say, okay, well, if something happens, we're going to hold everything for three months, then we're going to come together and have this meeting. But acknowledging what kind of events would even precipitate that kind of change in the transition plan and having that with your technical partners so that they can lead that and it not being an emotional conversation for them. It's great that we bring it up in the review and the revisit because once you get that document, there's going to be life that's going to continue to happen, and how can you continue to live with it. I think that's really important.

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N: One thing that really stood out to me during today's conversation is the fact that this is your transition plan. It's not your financial advisor's plan or your lawyer's plan. This is your plan of how your future will look. So, be sure your decisions are being made for you and not for anyone else. However, while you will be faced with some changes and

challenges, you're not on this journey by yourself. Whether they are a part of your professional team or important family members that will be directly impacted by your transition, there will always be people there to help you with what you need in order to feel comfortable and content with your path. Lean on these people and don't be afraid to ask questions and talk about what you need. The most important thing is to keep going. Don't let your plans stagnate or get stale. We work in an ever-changing industry. And while you may feel like you've completed a transition plan, there are always going to be economic, relationship or financial changes that might mean you need to go over your plans again. Even if it feels like a step in the wrong direction, it's okay to revisit and review your plan. While this season of the FCC Knowledge Podcast may be over, FCC has plenty of great transition resources for you to use whatever stage of the transition journey you are in. Visit [FCC.ca/Knowledge](https://www.fcc.ca/Knowledge), and if you have any questions, make an appointment with your business advisor today.

Wow, what an incredible journey we've been on. Nine steps is a lot to cover. Please take this moment to congratulate yourself on making it through the whole series. Like we mentioned at the beginning, the hardest step is the first one. So, whether this podcast has been your first or fiftieth step, just remember you are now further ahead than you were before. Well, that about does it for today's episode. If you want, you can catch these conversations in real time on YouTube or through our website. You can also sign up for future events there and check out what we already have planned for new things coming in the next year. Until next time, dream, grow, thrive.

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