

What next?

Hard questions, difficult answers — but Elaine Froese helps farm families come to grips with succession.

By Judie Steeves

With the average age of Okanagan Valley fruit growers at 58 years, there are far too few who have a succession plan, says farm family business coach Elaine Froese.

A farmer from Manitoba, Froese was in the Okanagan earlier this year to talk about keeping the next generation interested in farming, with some tips for farm families on dealing with the tough issues of planning for the future of the farm operation.

Froese has more than 25 years' experience as a farmer; she tours as a speaker, is the author of books on the issue and is a professional conflict resolution specialist.

About her role with farm families, Froese says: "I ask really hard questions. I'm not there to be liked."

One of those difficult truths that she tries to get across to her audiences and clients is the pie can't always be split in equal pieces in family succession planning.

"Parents seem to feel they owe their kids something, but it's a business," she points out.

"The kids need that 'fire in the belly' passion for farming to make it work," she notes.

It's important to find out how the others feel about the orchard, or vineyard, being passed on to just one sibling.

Fairness, she says, needs to include the value of the son or daughter who helps you create wealth in the orchard; who works on the farm. He or she should be able to receive more consideration.

It's also important to keep in mind that a farm isn't just a pile of cash. "It requires a lot of work to make it worth anything. Only when it's sold does it have value," she warns.

Froese reminds farmers there is nothing that says you have to give your children anything.

Froese calls it the "curse of the coddled child," because we have raised kids with many opportunities and in some cases that has resulted in them having a sense of entitlement.

"This is the first generation where children won't have the wealth of their parents."

Froese advises that farm families take the proverbial bull by the horns and sit down to have an honest discussion about each other's expectations.

"Have you ever sat down and asked your children



Elaine Froese makes it her business to guide families through "discussion of the undiscussable."

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what they expect?" she asks, adding, "You might be surprised."

"Fairness, respect and communication are all essential," she says.

In the end, you must come up with a plan that everyone can live with.

She calls it "discussing the undiscussable," but such things as fairness, sweat equity and lifestyle needs — of the parents and the incoming family — must all be included.

Talking, she says, must include listening. You should explain your intent, and you must watch your language.

Some children, she notes, may just want access to the farm.

Froese advises family members to each make their own personal pack of cards for such discussions; to talk about possible timelines for retirement.

Retirement must be financed, so a written agreement that a set amount is streamed off to the parents, should be entered into.

Another way to handle it is a mortgage back to the parents, although that can be risky if there's a crop failure.

Difficulties can include emotional ones such as 'letting go' and practical ones such as continuing to have an income stream in retirement.

Fear of failure can come from the head, the heart or the gut.

To make sure your children are committed to the farm, you might want to specify a probation period, or set aside a portion of the farm enterprise over which they can have complete control, to see how it works.

Trust is needed to overcome concerns such as that a son or daughter could sell the farm in 10 years.

Some of the children may have other sources of income, so don't need to be involved in the farm.

Sometimes rich children become silent partners in the farm business.

There are sometimes family members who decide at 40 they want to come back to the farm.

Froese calls it "boomeranging," but warns it's often just not possible, unless the family enterprise is expanding, to make room for another partner.

With women outliving men, she says there are going to be a lot more "granny landlords," or women who

end up with the farm. They should be financially savvy in order to make the right decisions at that time, or have good financial planners in place.

Froese says she plans to come back to the valley this fall for another speaking engagement, and suggests you check out her website, in the coming events column, to find out the date.

You can contact her and ask to be notified when a date has been set.

Farmers can also call her toll-free for a 15-minute conversation to set them

in the right direction. She will also conduct phone-coaching sessions.

Her website address is www.elainfroese.com

For farm families looking for tools with which to start succession planning, she suggests you begin at www.cafenet.com for a list of advisers in your area; talk to farm friends who have already done succession well; go to www.farmcentre.com and explore the resources and archives; or spend \$29 for a copy of *Managing the Multigenerational Farm*.



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