



Welcome to the *Beyond Goals for Change* module. Click the Next button to begin.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Roadtrip: Moving Beyond Goals for Change

In this module you will:

- Identify the seven stages in the management succession journey.
- Describe how and when to start the management succession planning process.
- Map each stop of your management succession journey using the Workbook activity worksheets.
- Examine how the Miller family completed their roadtrip to move beyond goals for change.



In this module, you will examine the seven stages in the management succession journey and how and when you should start this process. Within this journey you will have the opportunity to map your specific roadtrip of the management succession planning process. While you map how and when you will move beyond goals for change, you will view how the Miller family was able to map their process.

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Management Succession Journey

The management succession journey:

- Course I is establishing where we are and what resources we have to travel with.
- Course II is determining where we want to go.
- Course III is about how and when we will reach our destination.

There are seven stages in our journey.

This module will focus on Stage 5, where we will map a roadtrip as part of our overall journey. This will allow us to explore some key stops.




Think of the management succession process like a journey. Management Succession Course I is establishing where we are and what resources we have to travel with. Management Succession Course II is determining where we want to go. This third course is about how and when we will reach our destination and includes our roadmaps, routes, and methods, which are all part of the overall journey.

There are seven stages to our journey to Management Succession: Executive Summary, Business Overview, Strategic Plan, Retirement Plan, Succession Planning Process, Financial Plan, and Contingency Plans.

In this module, we will map our roadtrip within Stage 5 of our journey. In the Journey to Management Succession module, we examine all the stages of the journey.



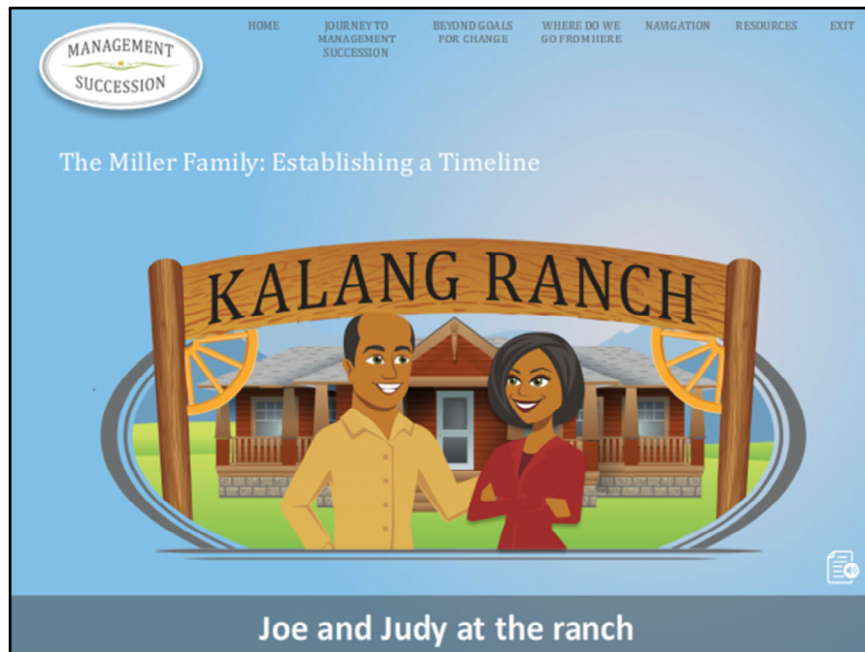
Let's begin mapping our roadtrip. Within this module, we will explore all the stops on the map.

Click the Stop 1 icon to explore the first stop on our roadtrip.



Our first stop is to establish a timeline.

Let's begin this topic by taking a look at how the Miller family completed this information.



Given Joe's health issues, he and Judy started to establish a timeline for when they retire. In addition, they changed ownership of Kalang Ranch from sole proprietorship to a corporate structure in order to make the shift in ownership to Graham smoother. Joe and Judy also began to gift shares to both Graham and Martha and their children: Joshua, Clarisa, and Jedidiah.

Upon Joe's death, Judy and Graham continued to work on the timeline. As Judy would like to retire soon, she felt she needed Graham's assistance to keep the momentum going and complete a full management succession plan.

To review the full story of the Miller family, click the Resources button.

The screenshot shows a website with a blue header. On the left is a logo for 'MANAGEMENT SUCCESSION'. To the right of the logo is a navigation menu with links: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. Below the header is a section titled 'Timing of Process'. On the left side of this section is a vertical list of five tabs: 'Begin Now', 'Don't Wait', 'How Long Will It Take?', 'Starting the Process', and an unlabeled bottom tab. The 'Begin Now' tab is currently selected. In the center of the page is an illustration of a man in a yellow shirt and pants, gesturing towards the text on the right. The text on the right reads: 'The timing of the succession decision process is important. What are the plans for passing the farm or ranch to the next generation? Click each tab to learn more.' A small icon of a document with a plus sign is located in the bottom right corner of the page.

The timing of the succession decision process is important – the most common error is to begin too late rather than too early. Most farm and ranch business founders are so deeply involved in the development and survival of the operation, that little time is taken to consider how the farm or ranch will pass to the next generation. Add to that the usual dimensions of starting, growing, and involving family members in the operation and, often, what should have been dealt with yesterday is put off until tomorrow.

Click each tab to learn more about the timing of the process.

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Begin Now

Begin Now



Don't Wait

How Long Will It Take?

Starting the Process

The time is now:

- Begin sooner rather than later.
- Easier to make provisions to address changes in family and/or situations.



Succession planning is best started sooner rather than later. It is much easier to make provisions for later changes in family members or situations now, rather than allow roles and attitudes to become locked-in and hardened with few options possible.

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Don't Wait

Begin Now


Don't Wait

How Long Will It Take?

Starting the Process

Don't wait, as:

- You will lose flexibility to change, modify, or formalize the course to follow.
- There will always be new challenges on the horizon.
- The next generation may become disillusioned or leave the farm or ranch.

It is much more difficult to change, modify, or adjust the course of the ship when it is already in deep water and under a full head of steam. Don't wait until you feel the business and family are all in order and there is only smooth sailing ahead. New challenges will always appear on the horizon. If you wait, you will probably never get around to dealing with these critical issues. You do not want to wait until the person you assumed would take over is on their way out because he or she has given up waiting for you to start handing over management.

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How Long Will It Take?

Begin Now

Don't Wait


How Long Will It Take?

Starting the Process

The process takes 5 to 15 years.

This provides time for:

- Education
- Experience
- Training
- Learning the ropes



Most of the succession process can be completed over a period of five to 15 years. This gives the successors time to get outside education and experience, and to be groomed for the job. Successors also have time to learn the ropes of the business and demonstrate their aptitude for the job. Business consultants suggest that five years is enough time to train and test the successor to ensure he or she can run the business well.

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Starting the Process

Begin Now

Don't Wait



How Long Will It Take?

Starting the Process

Start when the managers are in their 40s or 50s and the successor(s) are in their 20s and 30s.

It is better to start the process at the point you become aware of the need.

Don't put it off just because it is late or will be difficult.

Management succession can take up to 15 years, so start preparing for succession in earnest when the present managers are in their 40s or 50s with the intention of stepping down at age 60 or 65. Typically by this time, the successors will be in their 20s and 30s.

Generally, it is best to begin the succession planning process at whatever point you become aware of the need and in the situation you find yourself, rather than not doing it at all.

The screenshot shows a web application interface. At the top left is a logo for 'MANAGEMENT SUCCESSION'. A navigation menu at the top includes links for HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled 'Questions to Answer' and contains five numbered questions. To the right of the questions is a large text input area with a vertical scrollbar and a 'type your text here' placeholder. At the bottom right of the page, there is a 'PRINT' button and a print icon.

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Questions to Answer

1. Having completed the assessments in Management Succession: Where Are We? (Course I), did we identify any Interpersonal, Business, or Management Succession Issues that should be dealt with? (Go back to Course I to determine which issues there might be.)
2. Are we emotionally prepared to deal with the issues which will arise in developing a succession plan?
3. Are there imminent changes that will affect the plan or process?
4. Are we nearing, or have we reached, the point that the present managers must slow down due to health issues, stress, family, age, etc.?
5. Are we willing to listen to and consider the thoughts, desires, dreams and aspirations of spouses, children and/or grandchildren, daughters- and sons-in-law, and other family members and/or non-family members?

type your text here

PRINT

Here are a few questions which may help to decide if now is the time to begin the process of working out the steps of a plan, setting a timeline, and initiating the first step.

Upon completing your answers, you can print them by clicking the print icon.

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Workbook Activity 1

Are you ready for succession management planning? To find out, review or, if time permits, complete the following worksheet in the Management Succession Workbook:

- Timeline and Expectations Worksheet
 - What are your personal expectations?
 - What are your expectations for the farm/ranch?
 - What decision-making alternatives are available?

Management Succession Workbook
How Do We Get There From Here? Timeline and Expectations WORKSHEET
 Have each management succession team member take the answers to questions privately. Then put the team together to discuss your answers and develop a group consensus of expectations.

Personal Expectations
 What are your personal goals? _____
 What are your short-term and long-term career plans? _____

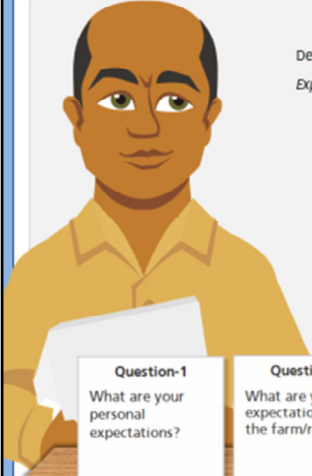
Expectations for the Farm/Ranch
 What does the family farm mean to you? (On an emotional level? On a financial level?) _____
 What are your expectations about the transfer of ownership of the farm/ranch? _____
 What are your expectations about the transfer of management of the farm/ranch? _____
 What hopes and dreams do you have for the future of the farm/ranch? _____
 What are the mission, vision, and goals of the farm/ranch? (Of the family?) _____

The Management Succession Workbook is located in the Resources section. In the Workbook, you will find information and a 2worksheet that can assist you in deciding whether you are ready for succession management planning.



The value of this worksheet is it will help you to answer the following questions:

- What are your personal expectations?
- What are your expectations for the farm/ranch?
- What decision-making alternatives are available?

Knowledge Check



Determine which questions below are addressed in the *Timeline and Expectations Worksheet* and drag them to the folder.



Question-1 What are your personal expectations?	Question-2 What are your expectations for the farm/ranch?	Question-3 What character traits should a successor have?	Question-4 What decision-making alternatives are available?	Question-5 What skills should a successor have?
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Let's take a moment to check your knowledge.

Knowledge Check

Correct

That is correct. The value of the *Timeline and Expectations Worksheet* is it will help you answer these questions.

Continue

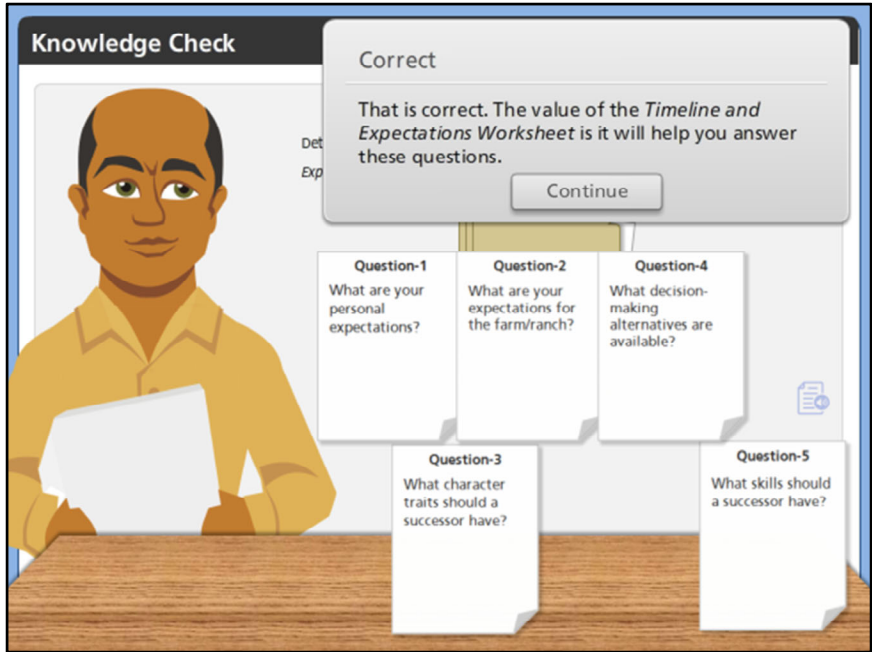
Question-1
What are your personal expectations?

Question-2
What are your expectations for the farm/ranch?

Question-3
What character traits should a successor have?

Question-4
What decision-making alternatives are available?

Question-5
What skills should a successor have?





You have completed Stop 1, Establish a Timeline. Click Stop 2 to learn how to establish a planning team.



Our second step is to establish a planning team.

Let's take a look at how the Miller family completed this task.



Judy and Graham were not sure who would be part of the planning team. Based on how Joe ran the business, Graham felt the team should be inclusive of all family members. Graham proposed that Martha, their three children, and Joshua's wife, Cindy, should be part of the planning team.

However, Judy was not sure that Cindy understood agriculture or the family goals sufficiently to make the best decisions for the long term. Judy felt Cindy was more interested in a "nice home, white picket fences, two cars and children," than making the sacrifices Judy had made to establish the ranch.

Additional discussions were necessary between Judy, Graham, Joshua, and Cindy, for Judy to agree to include Cindy. Even now, Judy is still not sure how committed Cindy is to sacrificing for the long-term stability of the ranch and intends to keep a watch over how things progress.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main heading is 'Who Should Be Included?'. On the left, there are four red tabs: 'Get All the Perspectives', 'Establish Good Communication', 'Be Transparent', and an unlabeled bottom tab. A cartoon woman in a red shirt and yellow pants stands in the center. To her right, the text asks 'How do you determine who will be the successor(s)?' and explains that everyone has biases that can interfere with clear decisions. It concludes with 'Click each tab to learn more.' and a document icon.

The present manager of the farm or ranch may simply determine the next management successor based on who he or she likes or feels would do the best job. However, seldom does one person possess all the knowledge or have the breadth of perspective to properly consider all the important aspects of the business and those involved.

Click each tab to learn more about the timing of the process.

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Get All the Perspectives

Get All the Perspectives

Establish Good Communication



Be Transparent

This is a critical decision.

Consequently, not only who is chosen, but who makes the decision is important.

Only by involving everyone can all the expectations be understood.

Don't make assumptions about what others want or expect.

This decision is critical to the success or failure of the transfer and the future of the operation. Of course, the founders must be intimately involved in this decision-making process, and will probably have the final word, but the input of others should be carefully considered.

Succession planning should involve all family members, whether they're involved day-to-day in the business or not. 4Avoid hard feelings and possible quarrels by considering, listening to, and involving all players in the process.

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Establish Good Communication

Get All the Perspectives

Establish Good Communication

Be Transparent

Remember that the perspectives, personalities, skills, experiences, desires, and ambitions of each family member are different, and your view is only part of the picture.

Develop healthy communication channels, including outside advisors like attorneys, bankers, and management consultants.



Remember from Courses I and II in this Management Succession series that it is helpful to gain perspective through multiple sources of information.

Without good communication and input from others, you could be making a critical decision based on incomplete information and depending more on emotion or sentiment than on Best Succession Management Practices (BSMPs).

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Be Transparent

Get All the Perspectives

Establish Good Communication

Be Transparent

Old business systems tend to be characterized by confidentiality and secrecy, but today's systems generally encourage more transparency.

Do your own research and then consult experts when you have decided what you want to do.



Remember, only one-third of family businesses survive to the second generation and by the end of the third generation only 10 percent are still in operation. So, you want to make the best decision you possibly can, and with as much information and advice as you can garner.

Experts should be consulted to advise you on the best methods to achieve the results you want. It should be you and your family who sit down and decide what you want to do. Do your thinking before you go to the advisors and then seek their advice on what you have developed and what methods will work best.

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Questions To Answer

1. Who presently manages the day to day operations of each enterprise, finances, sales, purchasing, and other aspects of the business?
2. Who in question #1 are family members? Who is not?
3. Which family members may have a casual interest in the operation, but also should be considered in the decision-making process?
4. How far does family membership reach? Children, grandchildren, sons- and daughters-in-laws, siblings, aunts, uncles, cousins, nieces, nephews, etc.?
5. Who of the above do you trust to provide sound advice and input, even if from their own perspective? Who of the above have personal or business issues or dysfunctions which would disqualify them from being part of the process?

type your text here

PRINT

Family council and business meetings, plus other forms of communication and information gathering explained in Courses I & II, will help the entire team gain a complete picture of the Strengths, Weakness, Opportunities and Barriers (SWOB) facing your operation and who best would be qualified to lead the management team into the future with success.

Here are some questions which may help you determine who should be involved in the decision of choosing the next manager or structure of your management team.

Upon completing your answers, you can print them by clicking the print icon.

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Workbook Activity 2

Where are you on assembling a planning team? To find out, review or, if time permits, complete the following worksheet in the Management Succession Workbook:

- Establish the Planning Team Worksheet
 - Who is currently involved?
 - Who provides management for the farm/ranch?
 - Who should be on the planning team?

Who is currently managing the activities of each enterprise or operation?

Who provides management for the farm/ranch?

Who should be on the planning team?

RiverPac RMADA

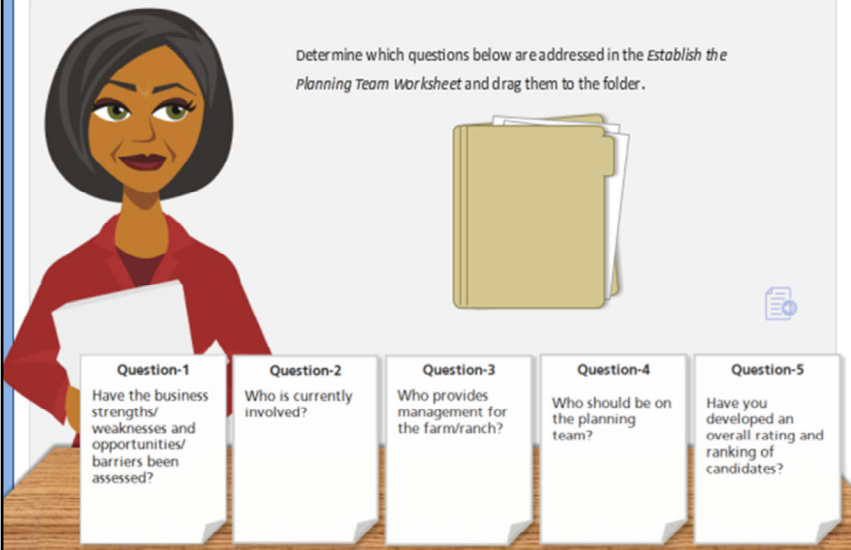
The Management Succession Workbook, located in the Resources section, has information and a worksheet that can assist you in assembling a succession management planning team.

The value of this worksheet is it will help you to answer the following questions:

- Who is currently involved?
- Who provides management for the farm/ranch?
- Who should be on the planning team?

Knowledge Check

Determine which questions below are addressed in the *Establish the Planning Team Worksheet* and drag them to the folder.



Question-1
Have the business strengths/weaknesses and opportunities/barriers been assessed?

Question-2
Who is currently involved?

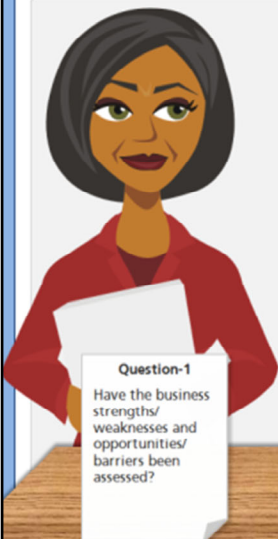
Question-3
Who provides management for the farm/ranch?

Question-4
Who should be on the planning team?

Question-5
Have you developed an overall rating and ranking of candidates?

Let's take a moment to check your knowledge.

Knowledge Check



Correct

That is correct. The value of the *Establish the Planning Team Worksheet* is it will help you answer these questions.

Continue

Question-1
Have the business strengths/ weaknesses and opportunities/ barriers been assessed?

Question-2
Who is currently involved?

Question-3
Who provides management for the farm/ranch?

Question-4
Who should be on the planning team?

Question-5
Have you developed an overall rating and ranking of candidates?

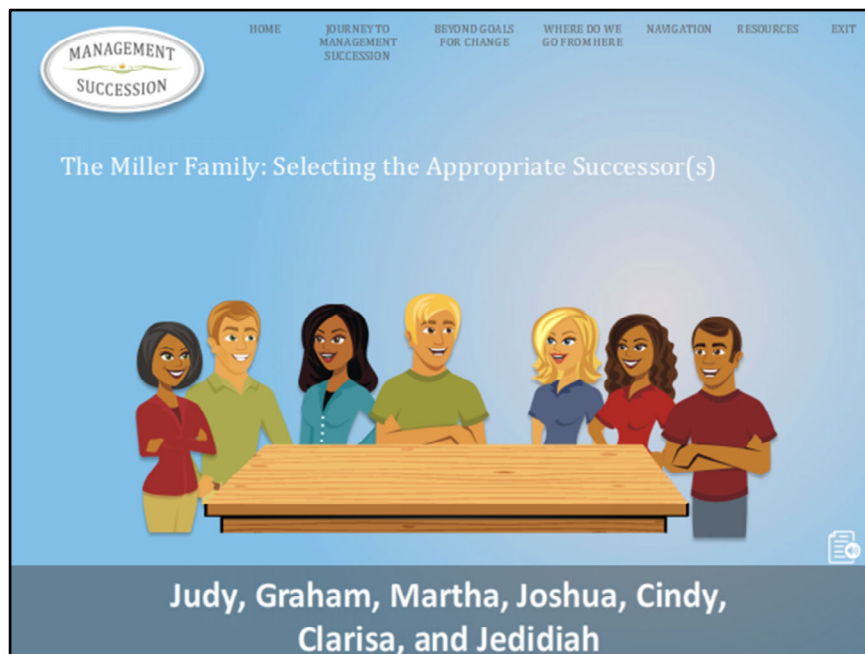


You have completed Stop 2, Establish a Planning Team. Click Stop 3 to learn how to select the appropriate successor or successors.



Our third stop is to select the appropriate successor or successors.

Let's explore how the Miller family completed this process.



Judy and Graham took some time to research and analyze who would be the appropriate successor or successors of the ranch and submitted their findings to the rest of the seven family team members. After weighing the standards and scoring each family member, they were ready to verify their findings.

The team decided that Graham would be the best choice to manage the ranch and that he would work with Joshua to involve him further in management of the business. In addition, they would encourage Joshua to start and grow his hunting guide program.

Simultaneously, Judy would work with Clarisa on the financial management side of the business. She would also work with those animals in the hospital pen, as needed.

Jedidiah would contribute financially to the ranch, as he could, since he was starting his medical practice.

Graham would work with Joshua and Clarisa on a transition plan.

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What is The Criterion for Choosing?

Identifying Skills, Characteristics, and Attitudes


Listing Key Criteria

Weighing Criteria

Verifying Selection

Summarizing Criteria

Making the Decision



When looking for a manager:

- What do they need to know and what personal characteristics will they need to apply those skills?
- How important is each skill and character trait?

Use your list to determine who would be most qualified to lead your operation into the future.

Click each tab to learn more.

You can't make an objective decision until you know what you are looking for in a good manager. After developing a list of skills and determining their importance, verify the list with the transition team.


It is now time to determine what you are looking for in a good successor, or successors. Who will successfully lead your business into the future?

Click each tab to learn more about the process of identifying key criteria to assist you with selecting the appropriate successor or successors.

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Identifying Skills, Characteristics, and Attitudes

Identifying Skills, Characteristics, and Attitudes	<p>Take some time to think of as many specific characteristics and skills as you can, such as:</p> <ul style="list-style-type: none"> • Business understanding • Work ethic • Commitment • Financial skills • Job skills <p>Evaluate the characteristics of top performers in the company, since those behaviors are likely to be predictors of future success. Take time to evaluate the whole person - knowledge areas, experiences, motives, values, and personality traits and use this evaluation to develop a set of role expectations.</p> <p>You can share your list with the team individually, in a family council meeting, or a business management meeting.</p> 
Listing Key Criteria	
Weighing Criteria	
Verifying Selection	
Summarizing Criteria	
Making the Decision	

Start out by listing all the characteristics and skills it takes to run your farm or ranch business.

- Do the successor or successors need know how to handle field operations or manage the herd and pastures?
- Is it important for the successor or successors to know how to purchase new stock or determine when and how to market?
- What about risk management and financial management?

Think of all the things the present managers do.

- What holes would there be if they were gone?
- Besides having the technical skills and information, which attitudes and personal characteristics would you list as critical? Dedication? Loyalty to the operation? Honesty?

Then share your list with the rest of the succession planning team and ask each to make additions or changes. Remember that you are not just planning for the talent today, but for how these will be different in the future. Key competencies will likely continue to evolve and change over time.

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Listing Key Criteria

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria**
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria
- Making the Decision

Ability

Desire

Commitment

Click each image to learn more.

Key criteria to include in your list include ability, desire, and commitment.

Click each image to view information about these key criteria.

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Listing Key Criteria

Identifying Skills, Characteristics, and Attitudes

Listing Key Criteria

Weighing Criteria

Verifying Selection

Summarizing Criteria

Making the Decision

Ability

- A track record of achieving objectives for a period of at least two years.
- Consistent performance over time.
- A result-driven personality.

Desire

Commitment

- A track record of achieving objectives for a period of at least two years.
- Consistent performance over time.
- A result-driven personality.

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Listing Key Criteria

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria
- Making the Decision

Ability

Desire

Commitment

Desire

Don't assume that just because a son, daughter, or other person has the skills, that they want to spend the rest of their lives on the farm or ranch. They may not have shared with you that they really would like to be a doctor, go into another business, or move to another location.

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Ability

Desire

Commitment

Commitment

Just because a person is interested and willing to stay with the farm, it does not necessarily mean they have the dedication to plow the time, energy, and resources into it in the same way the founders did or expect them to. Are they willing to give up vacations, forego a larger house, and work from dawn until dark for the next 30-40 years, if that is what it takes?

Just because a person is interested and willing to stay with the farm, it does not necessarily mean they have the dedication to plow the time, energy, and resources into it in the same way the founders did or expect them to. Are they willing to give up vacations, forego a larger house, and work from dawn until dark for the next 30-40 years, if that is what it takes?

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Weighing Criteria

Identifying Skills, Characteristics, and Attitudes

Listing Key Criteria

Weighing Criteria

Verifying Selection

Summarizing Criteria

Making the Decision

Click each image to learn more.





Weigh the Criteria

List the Candidate

Rank the Candidate



Here you want to weigh each criterion, list your potential candidates, and then discuss and rank those candidates.

Click each image to learn more about these factors.

MANAGEMENT SUCCESSION

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Weighing Criteria

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria**
- Verifying Selection
- Summarizing Criteria
- Making the Decision

Click each image to learn more.

Weigh the Criteria

It will probably be easiest if you think of each skill and characteristic rating as a percentage, which together total 100%. For example, you may decide that:

- Cattle management skills are worth 20% in importance.
- Accounting and financial understanding is worth 10%.
- Work ethic is worth 25%.

Once you have a complete list of skills and personal characteristics you are looking for, work with your team to develop a rating of the importance or weight for each skill and characteristic. Adjust your importance ratings for each skill and characteristic until the total of all ratings is 100.

MANAGEMENT SUCCESSION

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Weighing Criteria

- Identifying Skills, Characteristics, and Attitudes
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- Summarizing Criteria
- Making the Decision

Click each image to learn more.



List the Candidates

As you consider the qualifications of each candidate, you may find that no one person represents all the skills and characteristics you believe are needed to properly manage the farm or ranch. Consequently, this may encourage you to consider adding the strengths of two or more successors together to form a full management team.

Next, with your team, list the names of all the candidates you will consider for the position of successor, or as part of a team of successors. Keep in mind the SWOB analysis, BSMPs, and strategic goals that you developed in Course II.

MANAGEMENT SUCCESSION

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Weighing Criteria

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 - Making the Decision

Click each image to learn more.

Rank the Candidates

Weigh the numbers against common sense and what you know about that person, and use the ratings as a backdrop for discussion with your planning team.

After listing all the possible candidates, it is recommended that the management team have an honest discussion and score each characteristic and skill possessed by each candidate. Total the scores for each candidate to give you a picture of how each ranks against the others. However, be cautious here. Numbers don't necessarily tell the whole story. Just because someone ranks highly in a key area does not always make them a good leader.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The top navigation bar includes links for HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled 'Verifying Selection' and features a vertical sidebar with the following menu items: Identifying Skills, Characteristics, and Attitudes; Listing Key Criteria; Weighing Criteria; Verifying Selection (highlighted); Summarizing Criteria; and Making the Decision. The main content area contains the text: 'Three areas which often arise as hurdles are the issues of trust, fairness, and equitability. Click each button to learn more.' Below this text are three buttons labeled 'Trust', 'Fair', and 'Equal'. To the right of the buttons is a vertical graphic with the words 'EQUITY FAIR TRUST' in a stylized font. A small icon of a document with a plus sign is located in the bottom right corner of the content area.

Three areas which often arise as hurdles, or at least important considerations, during many succession and/or estate planning processes, are the issues of trust, fairness, and equitability.

Not everyone's understanding of what these mean or how they should be applied to the process is the same. They should be discussed for a mutual understanding BEFORE a disagreement erupts down the road because what one person thought was fair, for example, may seem unfair to another. These issues arise more often than we would often like to think possible within our own family.

Click each button to learn more about these three areas.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Verifying Selection

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection**
- Summarizing Criteria
- Making the Decision

Trust

There are two primary levels of trust:

1. Calculus-Based or Cognitive Level - where an individual develops trust when he/she decides it is likely that the other party will act or perform in an acceptable manner and the expected rewards outweigh the possibility of negative results.
2. Identification-Based - a cognitive level of trust grows into identification-based trust over time and is the point where both parties have internalized each other's desires and intentions.

Consequently, trust is a consideration for the family and business as a successor is chosen. Has this person or persons internalized the goals and desires of those involved and will he or she provide decisive leadership while being sensitive to other's needs? This is not a simple question and, likely, will not have a simple answer. Every person is complex in his or her own way, and a family business is a compilation of the complexities that make up everyone involved.

Business knowledge and job skills are important, but do you trust this person or team to keep the family goals and needs in mind? Will they lead the business while keeping in mind the individuals that make up the business?

Violations of the trust relationship usually results in a mixture of anger, disappointment, and frustration for trusting the offender. The more severe and often the violation occurs, the lower the level of trust becomes, or it may be destroyed all together. Rebuilding trust is more difficult than establishing trust in the first place and will involve dealing with the stress the violation imposed on the relationship and determining if future violations will occur. A process of reconciliation, forgiveness, and restitution may be necessary if the level of trust has been sufficiently damaged.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Verifying Selection

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection**
- Summarizing Criteria
- Making the Decision

Fair

Many people say they want to be "fair" to all participants. But what does "fair" mean? There can be many different ideas of what would make both the process and end result fair. What assumptions do members of the family have about what is fair when it comes to management? In some families it is considered fair when control is passed on to the oldest. In other families it is considered a fair process when siblings choose among themselves. Some families might exclude spouses or other relatives from consideration, while others may be inclusive. To some, fair means that no consideration is made for differences among family members or other perspective successors, while others may consider it unfair if consideration is not made for contributions and circumstances.

“What is fair?” “What is equal?” These questions have different responses, depending on who is providing the answer. What is fair and equitable depends often on your perspective. Your concern at this point is not so much what is fair and equitable, even though those are important considerations, but what is best, long-term, for your farm or ranch. Which person or persons will best lead your family operation to the goals you set for yourselves in Courses I & II? And, not only who will lead and manage, but who will own the family business or farm into the future? Often, when multiple children of the founders exist, the result is ongoing management by one or two of the children, while ownership is divided equally between all children, many of whom may be uninvolved in the management and operation of the business. Those “off-farm” family members often expect an equal share of the proceeds even though they have not contributed any of the “blood, sweat, and tears” to the business. This may be an unreasonable situation.

The screenshot shows a website titled "MANAGEMENT SUCCESSION" with a navigation menu including HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled "Verifying Selection" and features a vertical sidebar with the following steps: Identifying Skills, Characteristics, and Attitudes; Listing Key Criteria; Weighing Criteria; Verifying Selection (highlighted); Summarizing Criteria; and Making the Decision. The main content area displays a slide titled "Equal" with the heading "Factors to consider:" and a bulleted list:

- The resale value of your assets
- The profit that a farming child will make from the farm in relation to the value of the labor that he or she contributes to it
- How important it is that your farming child receive the farm intact
- The standard of living and prospects of the non-farming children
- What you have given them already (university tuition, loans, etc.)
- What your farming child has contributed to the farm
- The opportunities your farming child has foregone to remain on the farm

Treatment might be fair, but not equal. Has consideration been made of past contributions by all parties? Does desire and commitment make a difference in who receives what?

Some family members consider fair to be equal. Equal could mean equal levels of authority and responsibility, equal income or equal ownership shares, or acres owned. It could mean an equal dollar value or equal emotional value. Equal emotional value is more challenging where sentimental meaning or value of items differs for each individual.

As you see, there are many interpretations of what is “fair” and what is “equitable” and those interpretations usually are largely dependent on how you personally perceive the outcome. Serious discussions should be held within the family and the management succession team until there is more than a cursory agreement on what will be “fair” and whether that means “equal,” and how those understandings will affect the succession process.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Summarizing Criteria

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria**
- Making the Decision

B A S K E T

Criteria Summary

Click each letter to learn what you need pack for your trip.



BASKET is an acronym which can summarize all the items you will need to gather in order to prepare for this roadtrip to succession.

Click each letter to learn more.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Summarizing Criteria

Identifying Skills, Characteristics, and Attitudes	
Listing Key Criteria	
Weighing Criteria	
Verifying Selection	
Summarizing Criteria	
Making the Decision	

BASKET

Behavior

A new manager must exhibit behaviors which will bring to bear his or her skills, experience, and talents for success.

A new manager must exhibit behaviors which will bring to bear his or her skills, experience, and talents for success.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Summarizing Criteria

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria**
- Making the Decision

BASKET

Attitude

Attitudes can make or break the success of the farm or ranch, long term.



Attitudes can make or break the success of the farm or ranch, long term.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Summarizing Criteria

Identifying Skills, Characteristics, and Attitudes	
Listing Key Criteria	
Weighing Criteria	
Verifying Selection	
Summarizing Criteria	
Making the Decision	

Skills come in many forms from how to calibrate a drill to developing long-term risk and financial management principles.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Summarizing Criteria

Identifying Skills, Characteristics, and Attitudes	<p>B A S K E T</p> <p>Knowledge</p> <p>Skills are not very useful without the proper understanding and knowledge of when and how to apply them to get the most from the operation</p>
Listing Key Criteria	
Weighing Criteria	
Verifying Selection	
Summarizing Criteria	
Making the Decision	

Skills are not very useful without the proper understanding and knowledge of when and how to apply them to get the most from the operation.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Summarizing Criteria

Identifying Skills, Characteristics, and Attitudes	 <p>BASKET</p> <p>Experience</p> <p>We can have innate skills and attitudes, and yet not possess the experience with procedures "on the ground" to properly use those skills.</p>
Listing Key Criteria	
Weighing Criteria	
Verifying Selection	
Summarizing Criteria	
Making the Decision	

We can have innate skills and attitudes, and yet not possess the experience with procedures "on the ground" to properly use those skills.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT


Summarizing Criteria

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria
- Making the Decision

B A S K E T

Talent

Each person is born with various talents and we need to capitalize on those attributes by putting the best suited person in the various management positions.



Each person is born with various talents and we need to capitalize on those attributes by putting the best suited person in the various management positions.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT


Making the Decision

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria
- Making the Decision


How do you go about making the decision?

Several alternatives are available and should be carefully considered for which might work best for your situation.

Click each image to learn more.



One vs. Many



Group Consensus

There are various ways decisions can be made. If you have been a sole manager, it may not occur to you that there is any other way to make an important decision than to decide alone, using your own private reasoning. By considering alternatives BEFORE finding yourselves faced with needing to make a decision may reduce disagreement on various fronts about how or who actually carries the responsibility and authority.

Click each image to learn more.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Making the Decision

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria
- Making the Decision

One vs. Many

Once you have decided who will be involved in determining the management successor(s), you will need to decide what kind of decision-making process will be used.

- Will you take advice from each individual and then make the determination yourself?
- Will you take advice from some, but elevate others to the level of having a vote or veto in the determination?
- Will you use multiple rounds of voting until a majority opinion is reached?
- Or, will you work through the discussion long enough and in enough depth that you can reach a consensus decision, with all supporting the general outcome?

You could use one or a combination of several options in actually making your choice of a successor or successors. There are numerous approaches to making business decisions, depending on the situation and type of management system.

As in estate planning, the owner has the final authority in management succession planning. However, it is recommended that some form of family council or leadership team process is used. A group discussion and decision-making process with the entire family, or management team, may help ensure that, not only are you considering all perspectives and viewpoints, but that the whole team is on board with the decision. Such decisions may cause anxiety or non-acceptance on the part of some family or even founders. The more they can be involved in the decision, the more likely they are to support the final outcome.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Making the Decision

- Identifying Skills, Characteristics, and Attitudes
- Listing Key Criteria
- Weighing Criteria
- Verifying Selection
- Summarizing Criteria
- Making the Decision

Group Consensus

Consensus does not mean everyone is in perfect agreement on every detail. Rather, it means that each person can go away from the process feeling the best decision was made, considering all the factors, viewpoints, and possible compromises that were necessary.

You may want to enlist the aid of someone, such as a professional facilitator, to guide the process, especially if you expect some degree of disagreement.

Group consensus is not always easy to achieve. However, it is worth one's time and energy to accomplish a consensus decision; especially when a decision is important and has long-lasting implications or you need buy-in from those people affected by the decision.

Hiring or enlisting the aid of a non-biased non-family facilitator will help ensure that:

- All view points and important information are considered,
- A decision is reached that is agreeable to the largest number of those affected, and
- The founder is seen as open-minded and fair rather than as heavy-handed and dictatorial.



HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide		
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		



Click each method to view the pros and cons for the different decision-making alternatives. This information can also be found in the Workbook, located in the Resources section.



Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide	<ul style="list-style-type: none">Fewer opinions and personalities to satisfyQuicker and easierUsually less information to process	<ul style="list-style-type: none">Not as much information is gatheredLess attention is paid to the perspectives, needs, goals of all team membersOther family members may not accept the decision, causing divisionThe decision may not "stick" due to the reaction of othersDecision maker may be seen as heavy-handed and dictatorial
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		





Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide	<ul style="list-style-type: none">• More information usually comes to light• Each voting member has a part• Involves more opinions and viewpoints	<ul style="list-style-type: none">• Takes more time and involves more people• Deciding who votes• Involves more opinions and viewpoints• Multiple rounds of voting may be needed if there is no clear majority• Those casting losing votes may feel disorientated or as if they are not being heard• Those not included in the vote may feel disenfranchised
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		





HOME

JOURNEY TO
MANAGEMENT
SUCCESSION

BEYOND GOALS
FOR CHANGE

WHERE DO WE
GO FROM HERE

NAVIGATION

RESOURCES

EXIT

Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide	<ul style="list-style-type: none">• Enlists information and deliberation from all team members• Gives participants opportunity to express pros & cons• Learning and discovery are enhanced• Gives participants a sense of "buy-in" in the results• Tends to result in decisions which are more fully supported and longer lasting	<ul style="list-style-type: none">• Takes significant time & energy to accomplish, especially when disagreement is present• If unsuccessful, another decision-making process may be required• May require a skilled facilitator or mediator
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		





Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide	<ul style="list-style-type: none">• If properly chosen, will be unbiased and have no "stake in the game"• Will elicit all pertinent information• Gives entire family and management team someone else to "blame" for any problems or disagreements encountered	<ul style="list-style-type: none">• Removes decision from hands of founder(s), family, present owners and managers• Does not encourage succession and management team to communicate with each other (learning & discovery is limited)
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		





Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide	<ul style="list-style-type: none">• Gives each candidate equal chance to succeed• Recognizes each recipient as important	<ul style="list-style-type: none">• Does not keep the farm or ranch together• Dividing assets and income may bring about insolvency of each portion• May set certain recipients up for failure due to lack of experience• May pit one recipient against another or give the sense of non-receipt of "equal" shares• May create discontent from those not receiving a portion
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		





Decision-Making Alternatives

Click each method to learn about its pros and cons.

Method	Pros	Cons
Founder(s) Decide	<ul style="list-style-type: none">Removes the need to deal with succession nowRetains control in hands of present manager	<ul style="list-style-type: none">Only puts off the inevitableIf maintained until death, puts crucial family and business decisions in the hands of attorneys and courtsProbate and estate issues often induce family disagreements and mark the death of the farm or ranch as it was interredLeaves family members feeling disregarded, untrusted and unimportantMay cause increased frustration and isolation of family members, sometimes to the point of leaving the operation
Majority Vote		
Consensus		
Arbitrator		
Divide Assets		
Do Nothing		



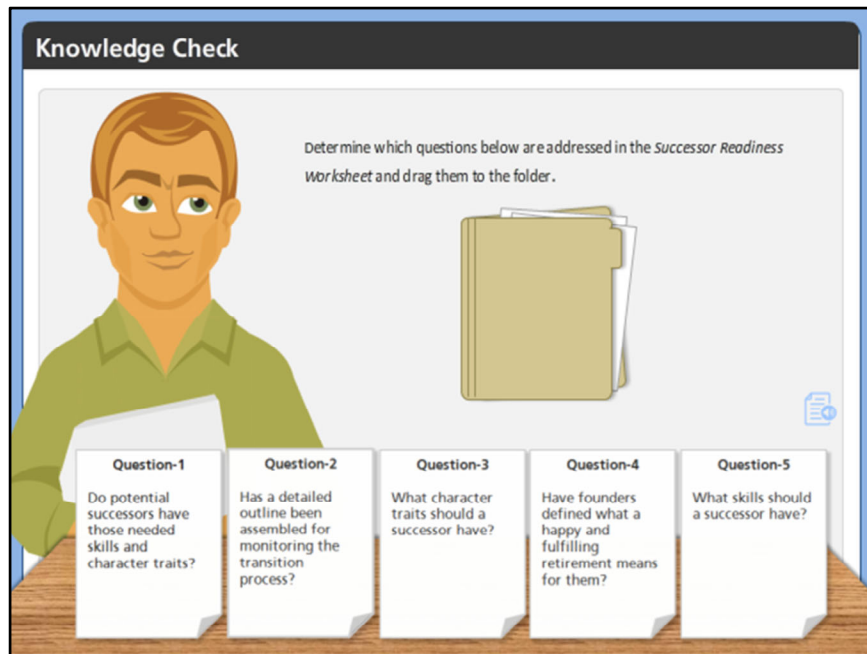
The Management Succession Workbook, located in the Resources section, has information and a worksheet that can assist you in scoring management candidates. Use multiple worksheets, if necessary.

The value of this worksheet is it will help you to answer the following questions:

- What skills should a successor have?
- What character traits should a successor have?
- Do potential successors have those needed skills and character traits?

Knowledge Check

Determine which questions below are addressed in the *Successor Readiness Worksheet* and drag them to the folder.

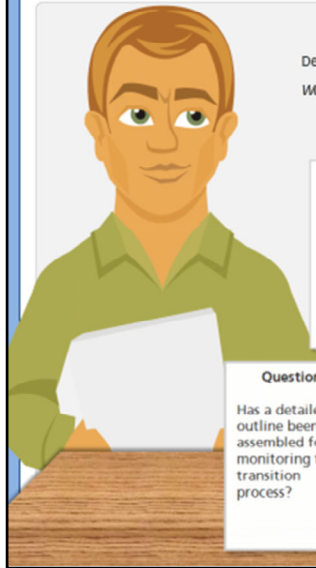


The image shows a digital interface for a knowledge check. On the left, a cartoon man with brown hair and a green shirt is holding a white folder. In the center, there is a yellow folder icon. Below these are five white question cards with black text, each with a title and a question. The questions are:

- Question-1**
Do potential successors have those needed skills and character traits?
- Question-2**
Has a detailed outline been assembled for monitoring the transition process?
- Question-3**
What character traits should a successor have?
- Question-4**
Have founders defined what a happy and fulfilling retirement means for them?
- Question-5**
What skills should a successor have?

Let's take a moment to check your knowledge.

Knowledge Check



Correct

That is correct. The value of the *Successor Readiness Worksheet* is it will help you answer these questions.

Continue


Question-1
Do potential successors have those needed skills and character traits?

Question-2
Has a detailed outline been assembled for monitoring the transition process?

Question-3
What character traits should a successor have?

Question-4
Have founders defined what a happy and fulfilling retirement means for them?

Question-5
What skills should a successor have?




How Do You Make the Transition?

Is the Successor Ready? Probationary Period Developmental Plan Making the Transition


How do you start to make the transition?

Several issues must be considered:

- Complete a checklist to determine if the successor is ready to start.
- Determine if probationary period is required.
- Create a developmental plan.
- Make the transition.
- Turn over management of the business.
- Provide open communication to keep the transition fluid.



Click each tab to learn more.



Is the successor ready? Yes or no.

- If yes, how do you start the transition?
- If no, how can you coach/mentor him/her?

Once the transition team has made the selection of who to establish as successor or successors, you must begin the transition process. Several issues must be considered in determining the timing and speed with which you start turning over management decisions, responsibility, and accountability.

Click each tab to learn more about these issues.

How Do You Make the Transition?

Is the Successor Ready?	Probationary Period	Developmental Plan	Making the Transition
<p>Is the Successor Ready?</p> <ol style="list-style-type: none"> 1. ___ Does the successor have any experience outside the family business? 2. ___ What development plan is needed for the successor? 3. ___ Who besides a parent is teaching and mentoring the successor? 4. ___ Is present management allowing the successor to make an independent and visible contribution to the business? 5. ___ What skills and values inside and outside the business is the successor learning? 6. ___ How well does the successor understand the farm business history, philosophy and strategy? 7. ___ Is the successor using opportunities outside the business to exercise leadership and gain respect? 8. ___ Does the successor have a personal vision for the business, one that will provide a sense of purpose when times get tough? 9. ___ Does the successor tend to isolate himself/herself and his/her decisions or does he/she share interests and concerns with others? 			

First, is the successor ready to start today? You would probably have different expectations for someone who is 18 years of age and finishing high school versus another who is in their mid-forties and has been working side by side with you for the past 20 years.

Here is a checklist to help you develop a program to ensure the successor or successors are well prepared. This checklist is also located in the Resources section.



How Do You Make the Transition?

Is the Successor Ready?	Probationary Period	Developmental Plan	Making the Transition
-------------------------	---------------------	--------------------	-----------------------

Probationary Period

If the successor is not ready, you may need to take steps to prepare him/her for full management responsibilities. This may require a period of probation to see if the successor truly is able and prepared to take over.

Use a successor transition team of family members, employees, and/or outside advisors to help you evaluate the performance and future potential of the individual or team of new managers.



It may be wise to establish a trial or probationary period for the new manager, in which you slowly increase his or her roles and responsibilities, while judging his or her skills and commitment to the position of manager.

If you are unsure of the abilities of the person or persons you have chosen as a management successor, then such a trial period could be written into any succession plan, with the provision that the plan will be revisited and open to amendment as needed.

How Do You Make the Transition?

Is the Successor Ready?

Probationary Period

Developmental Plan

Making the Transition

Developmental Plan

In addition to a probationary period, it is critical to have a developmental plan to fully prepare and train the successor(s) in all aspects of the management of the business.

It tells the person(s) moving up in position that they are valued and important enough to take the time to properly and completely prepare them for the future, as well as minimize the stress and weight of new responsibilities.

Turning the operation over to others, after having been in charge for many years, may be threatening and stressful in itself and will bring about a sense of loss.

Discuss how best to provide the training and experience for their success and in what order.

- Do they need more responsibility?
- Do they need to go to school or receive specialized training outside the operation?
- How fast can they progress to the level of management you have agreed upon in your final succession action plan?





In addition to a possible probationary period, every succession plan should contain a developmental plan, outlining the steps for training and increased responsibility by the new manager or managers.

It is seldom satisfactory, unless in an emergency situation, for the present manager to simply step down in one fell swoop. New managers should be given time and training to properly learn each new level of responsibility until they have the reins of the entire operation firmly in hand. This process is good for all involved.

At the same time, such a process allows the outgoing manager or managers time to adjust to less responsibility and authority within the operation and prepare for retirement. Minimizing the stress of such a change by working through it over time often makes the most sense.

Discuss with the successor or successors which skills and tasks they and you feel comfortable with them handling, which ones need strengthening, and which are new to them. Be as complete and specific as you can. Leave these discussions with an agreed-upon, comprehensive list of prioritized skills with needed training and timelines.

How Do You Make the Transition?


Is the Successor Ready? Probationary Period Developmental Plan Making the Transition

Making the Transition

Family members and other individuals involved in the business can increase the likelihood of an orderly transfer of management by using a systematic method. This may mean that the successor(s) will need training to gain the skills needed for their new role(s). As they start to take on those new responsibilities, things won't always go smoothly. As a result, the transition period will require adjustment and understanding on the part of everyone.

All the best planning and discussion in the world cannot overcome the need for the day when founders actually step back from full control and trust the successor(s) to begin to make decisions and carry them out.

Click each image to learn more.



Transition of Management



Fluid Transition



Transferring management of the family business is challenging. In addition to the feelings and needs of everyone involved, individual interests and skills should also be taken into account. Many founders fail to stop and consider that family members may have accepted a role in the family business only because it needed filling. They may have experience and interest in something different than what they are doing today.

There comes a point when the management team, founders and successors, must actually take that first step in beginning the transition from one to the other.

How do you move from the planning stage to actually turning over control? It will vary with the situation and those involved, but it is advisable to set benchmark dates on your calendar for various steps of transition to happen and then write them into your transition plan.


Click each image to view information making the transition.

How Do You Make the Transition?

Is the Successor Ready? Probationary Period Developmental Plan Making the Transition

Transition of Management

During this transition period, it is important that those turning over management of the business hold the person(s) being groomed accountable for learning the skills and developing the attitudes and characteristics which will best lead the farm toward those goals which have been identified as critical to its success. Continue to evaluate the success of your development plan and its progress and do not be afraid to hold councils or discussions to gain input into whether things are going as planned.



Use a blend of learning methods such as outright teaching, sharing of information, hands-on experience, and latitude to make decisions and deal with the consequences.



How Do You Make the Transition?

Is the Successor Ready?	Probationary Period	Developmental Plan	Making the Transition
-------------------------	---------------------	--------------------	-----------------------

Fluid Transition

Honest discussions must be held to ascertain the intent and desires of those moving out of management.

- Do they want to keep a hand in the operation to the end?
- Will they be satisfied to settle into an advisory role?
- Would they like to be totally free of any management stress in the end?
- Do new managers see themselves in a partnership with past managers, would they like to seek out the past managers for advice and support, or do they want full autonomy?



These considerations must be balanced with the needs, vision, and desires of those moving into management from the next generation.

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

MANAGEMENT SUCCESSION

Workbook Activity 4

Where are you on assessing the expectations of managers vs. successors? To find out, review or, if time permits, complete the following worksheet in the Management Succession Workbook:

- *Successor Ranking Worksheet*
 - Have you listed the possible successors?
 - Have you prioritized the needed skills and characteristics?
 - Have you ranked the candidates in each skill or characteristic?
 - Have you developed an overall rating and ranking of candidates?

Management Succession Written Plan:
How Do We Get There From Here? Successor Ranking WORKSHEET

Use additional sheets if you need more space for candidates or skills and characteristics.

Skill/Character																				
(Business acpt., manufacturing, farm/tech skill, etc.)																				
Skill/Character Weight (max total 100)																				
Potential Successors																			Total Points	Ranking 1/50/...

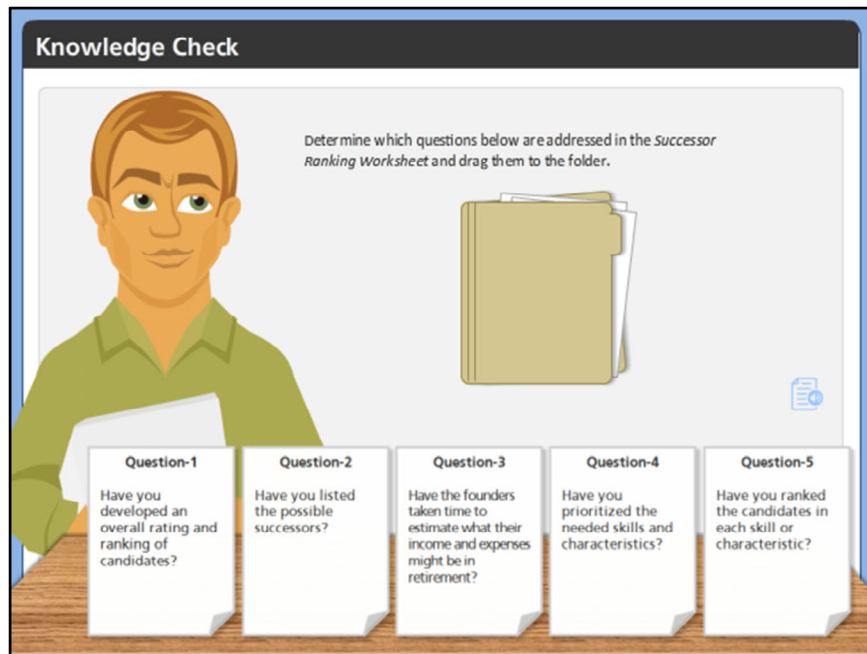
The Management Succession Workbook, located in the Resources section, has information and a worksheet that can assist you in assessing expectations of present managers or founders versus the successor or successors.

The value of this worksheet is it will help you to answer the following questions:

- Have you listed the possible successors?
- Have you prioritized the needed skills and characteristics?
- Have you ranked the candidates in each skill or characteristic?
- Have you developed an overall rating and ranking of candidates?

Knowledge Check

Determine which questions below are addressed in the *Successor Ranking Worksheet* and drag them to the folder.



Question-1
Have you developed an overall rating and ranking of candidates?

Question-2
Have you listed the possible successors?

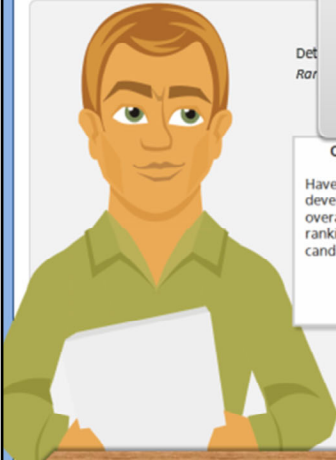
Question-3
Have the founders taken time to estimate what their income and expenses might be in retirement?

Question-4
Have you prioritized the needed skills and characteristics?

Question-5
Have you ranked the candidates in each skill or characteristic?

Let's take a moment to check your knowledge.

Knowledge Check



Correct

That is correct. The value of the *Successor Ranking Worksheet* is it will help you answer these questions.

Continue

Question-1	Question-2	Question-4	Question-5
Have you developed an overall rating and ranking of candidates?	Have you listed the possible successors?	Have you prioritized the needed skills and characteristics?	Have you ranked the candidates in each skill or characteristic?

Question-3

Have the founders taken time to estimate what their income and expenses might be in retirement?



You have completed Stop 3, Select the Appropriate Successor or Successors. Click Stop 4 to learn how to develop a written plan.



Our fourth stop is to develop a written succession plan.

Let's explore how the Miller family developed their plan.



Judy and Graham develop a written plan outlining the management succession and submit it to the rest of the team at a family council meeting. At this point they want to focus on actions, critical goals for change needed to complete the management succession, and begin to implement the plan.

They start this process by outlining their goals for change on the Kalang Ranch. Next, they create a Gantt chart to map out the start and end dates for each goal and associated action steps in their plan.

One of the most significant components was to contact and engage a professional to provide formal communication skills and conflict resolution training for all the individuals in the family. This was intended to directly address their very low assessment scores in these areas and avoid the big problems previously experienced by the family and the ranch.

The screenshot shows a website with a blue header. The logo on the left is an oval containing the words 'MANAGEMENT' and 'SUCCESSION'. The navigation menu includes: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main heading is 'What is The Criterion for Choosing?'. On the left is a vertical sidebar with five tabs: 'Assessment' (highlighted in dark teal), 'Written Plan', 'Beyond Goals for Change', 'Roadmap for Change', and 'Scheduling Action Steps'. In the center is an illustration of a woman with dark hair wearing a teal button-down shirt and black pants. To the right of the illustration are two paragraphs of text and a small icon of a document with a plus sign.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

What is The Criterion for Choosing?

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps

In many cases agreements, plans, or procedures not written down create a situation ripe for misunderstandings, hard feelings, and even litigation.

After an important and detailed discussion, such as how to transition management, what one person remembers and what another person remembers, say in five years, will likely be significantly different.

Click each tab to learn more.

Managers who are used to carrying their management information in their heads and making their decisions “on the shirt sleeve” or in a pocket notebook, may think it unnecessary to write out an entire succession and management plan.

Don’t ignore this step and set the management transition process up for failure down the road.

Click each tab to learn more about developing a written plan.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Assessment

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps

Components of a Written Plan

Assessment

The assessment examines interpersonal, business, and succession planning issues.

Click each area of concern to show the assessment score range.

Issue Area	Red	Yellow	Green
Interpersonal Issues			
• Perspectives	Red (0-128)	Yellow (129-214)	Green (215-301)
• Communication	Red (0-80)	Yellow (81-134)	Green (135-189)
• Managing Conflict	Red (0-56)	Yellow (57-94)	Green (95-133)
Business Issues			
• Formalized Management	Red (0-128)	Yellow (129-214)	Green (215-301)
• Business Communication	Red (0-26)	Yellow (27-44)	Green (45-63)
Succession Planning Issues	Red (0-89)	Yellow (90-140)	Green (150-217)

This portion of the plan begins with the assessment scores completed as part of the first course in this series, Management Succession: Where Are We? If you did not complete this course, it would be a good idea to do so before proceeding.

You should include these assessments at the beginning of your written plan to help expand the rest of the plan and to monitor your progress.

Scoring for each of the issue areas is arranged using a Red-Yellow-Green approach to indicate increasing improvement.

Click each area of concern to show the assessment score range.

RED indicates an area that should raise an alert. The score for this area indicates attention is needed to increase the chances of a successful management transition. YELLOW indicates an area that you should be cautious about. The score for this area indicates improvement is needed to increase the chances of a successful management transition.

GREEN indicates an area of strength. Congratulations! The score for this area is strong and suggests a high chance of a successful management transition.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Written Plan

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps

Click each icon to learn more.

Assessment	Beyond Goals for Change	Roadmap for Change
★	★	★

RuralRise RMUSDA

This portion of the plan requires completing the worksheets introduced in the second course in this series, Management Succession: Where Do We Want To Go? If you did not complete this course, it would be a good idea to do so before proceeding.

Let's review how these worksheets are set up.

Click each icon to learn more.

The screenshot shows a web application interface for 'MANAGEMENT SUCCESSION'. The top navigation bar includes links for HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled 'Written Plan' and features a sidebar with buttons for 'Assessment', 'Written Plan', 'Beyond Goals for Change', 'Roadmap for Change', and 'Scheduling Action Steps'. The central content area displays a table titled 'Management Succession Written Plan: Where Do We Want To Go?' with columns for 'Assessment Areas', 'Scores', and 'Strengths/Weaknesses Opportunities/Barriers'. A text box titled 'SWOB' explains that the assessment provides scores to identify various strengths and opportunities to capitalize on, as well as areas of weakness or barriers that must be carefully considered. The footer includes logos for 'RuralRisk' and 'RMA/USDA'.

Where the assessment identifies various strengths and opportunities, the team will look for ways to capitalize on them. Conversely, where the assessment process identifies areas of weakness or barriers to moving forward, those must be very carefully considered. Critical questions must be asked with the intention of seeking out reasons and explanations behind why certain practices have not been previously adopted. The time and attention devoted to thoroughly evaluating past practices will determine the success of the succession process.

Once it is well understood why existing weaknesses and barriers in the current methods of conducting the business exist, the process may move to outline the formal steps for addressing the SWOBs. This step involves identifying the appropriate BSMPs to adopt and which external resources may be needed to move the business toward its transition goals.

One or more BSMPs should be listed for each area of concern, as appropriate. In addition, external resources should be carefully considered in how they may help to accomplish each BSMP selected. Several may be required for each succession goal listed.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Written Plan

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps

Click each icon to learn more.

Goal for Change	Description of Where We Want to Go
	Goal for Change In this column, you will write the transition goals that will help move the individuals and business into the future.

RuralRisk RMAUSDA

Finally, the plans should provide a description of the transition goals for the area you are working on. Multiple goal statements may be needed to adequately describe where the individuals and business are intending to move toward into the future.

The screenshot shows a web application interface for 'MANAGEMENT SUCCESSION'. The top navigation bar includes links for HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. A sidebar on the left lists menu items: Assessment, Written Plan, Beyond Goals for Change (highlighted), Roadmap for Change, and Scheduling Action Steps. The main content area, titled 'Beyond Goals for Change', contains the following text:

The first step in making the management transition a reality is to communicate the plan you have developed to all parties involved - present management, new management, family members, employees, advisors, and associates. Communicating the plan is the first action of implementing the plan or, put another way, beginning the actions needed to make the plan happen. This communication takes place in Step 5: Communicate the Plan covered later in this module.

To the right of the text is an illustration of four interlocking gears of different sizes, symbolizing the mechanics of a transition plan. A small document icon with a plus sign is located in the bottom right corner of the content area.

Moving beyond the written succession plan and goals for change, requires action. The strengths and weaknesses, BSMPs, external resources and goals must be acted on in order for management transition to be completed.

The Roadmap for Change describes the resources and activities necessary to complete the succession process. The part each team member will play in the transition process is outlined, additional resources needed are considered, and a detailed timeline with specific action steps are described.

Next, you identify which goals for change are most critical for successful transition of management responsibilities. This may include goals that are critical because they must take place before others. Other goals may be critical because they are more important or have greater significance to the situation than other goals.

Prioritized goals for change can help guide carrying out the plan, as well as give management direction in the monitoring and adjustment point of the process.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Roadmap for Change

- Assessment
- Written Plan
- Beyond Goals for Change
- Roadmap for Change
- Scheduling Action Steps

The Roadmap for Change provides a detailed description of the actions needed, the roles and responsibilities of various team members, and the deadlines for accomplishment of a completed succession process.

ROADMAP FOR CHANGE

GOAL FOR CHANGE: **Goal for change: Outside resources needed**

OUTSIDE RESOURCES NEEDED:

Action Steps	Person for completion	Person(s) accountable	Timing or Monitoring system
1.			
2.			
3.			
4.			
5.			

Annotations: **Action steps**, **Completion Date**, **Person accountable: Monitoring system**

RiskRisk, RMUSDA, 10/17/2014, © All rights reserved. April 2012

The roadmap for change describes how you will get from where you are to where you want to go.

To give the succession plan the greatest chance of success, those plans should:

- Address a specific goal for change,
- Provide a detailed description of any outside resources that may be required to complete the goal,
- Break plans down into specific action steps,
- Schedule the order of action steps,
- Assign a date for completing each action,
- Describe the team members responsible for each action step, and
- Describe the approach that will be used to track progress.



There are many and varied methods used by business managers for scheduling and tracking business actions. Not all approaches are suitable for all situations. Some managers prefer one approach more than another. Certain methods may work better for some types of change, like transition management responsibilities, but may not work so well for something like inventory management.

When moving beyond the goals for change, the transition team will need to take a hard look at the implied action steps and select an appropriate method for tracking those changes. Several alternative approaches are offered here, although there are also others available. Select the scheduling approach that seems most appropriate for the changes planned.

Click each image to view information about these key criteria.



Scheduling Action Steps

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps



End-Point Scheduling

A good way to schedule is to start with the time the objective is to be accomplished and work backward to the present.

The use of end-point scheduling helps you to be realistic in your scheduling because it requires that you start with the time when you wish to finish rather than the time when you can start. It is the finish time that is most important.

Enlarge

Click each image to learn more.



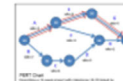
End-Point Scheduling



Calendars



Optimist/Pessimist Scheduling



PERT Charts



Gantt Charts





Scheduling Action Steps

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps

Optimist/Pessimist Scheduling

First, you determine the optimistic parameter by asking: how much time will it take to accomplish if everything goes well?

Next, determine the pessimistic boundary by asking: how much time will it take to accomplish if everything goes poorly?

Finally, since you do not know everything that could go wrong will go wrong and that everything that could go right will go right, you pick what will be the most realistic time.

This forces you to set an upper and lower boundary on the time estimates and focus on the area within the boundary.

Click each image to learn more.



End-Point Scheduling

Optimist/Pessimist Scheduling



Calendars



Pert Charts

Enlarge

Gantt Charts





Scheduling Action Steps

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps



Calendars

A desk-top calendar that depicts the entire week in some detail allows you to write in when various action steps have to be accomplished during the course of the year.

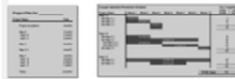
A pocket calendar is not as detailed but does allow for easy portability.

A wall calendar that depicts month by month allows you to see at a glance when action steps need to be completed.

Day planners are more complex but allow you to review several projects and plans at the same time.

Enlarge

Click each image to learn more.



End-Point Scheduling

Optimist/Pessimist Scheduling



Calendars

Pert Charts



Gantt Charts





Scheduling Action Steps

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps



PERT Charts

This technique involves graphically laying out the sequence of steps or events that must be accomplished in order to achieve the objective. The time to complete each event is clearly specified.

Finally, a critical path is determined. The critical path is the longest sequence between the series of events. It is considered the critical path since any delay in this path will delay the entire project.

Enlarge

Click each image to learn more.

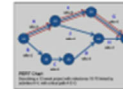


End-Point Scheduling

Optimist/Pessimist Scheduling



Calendars



Pert Charts



Gantt Charts





Scheduling Action Steps

Assessment

Written Plan

Beyond Goals for Change

Roadmap for Change

Scheduling Action Steps

Gantt Charts

A Gantt chart depicts the beginning and ending dates for an event, the sequencing of events, and the extent to which an event is completed. As action steps are accomplished, they are noted on the chart. Barriers are also identified. It is the timing of action steps that are important in Gantt charts.

Enlarge

Click each image to learn more.



End-Point Scheduling

Optimist/Pessimist Scheduling



Calendars



Pert Charts



Gantt Charts



MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Time is a Resource

Click each Fact icon to learn more.

- FACT #1** To control your operation and your life, you must control your time.
- FACT #2** You have all the time there is.
- FACT #3** You cannot save time--you can only spend it or invest it.
- FACT #4** Putting in more hours is not the answer.

Click each Fact icon to learn the importance of time and how it is a key resource needed to starting and completing a succession plan.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Workbook Activity 5

Where are you on developing your written plan? To find out, review or, if time permits, complete the following worksheet in the Management Succession Workbook:

- *Roadmap for Change Worksheet*
 - Has a management succession assessment been completed?
 - Have the business strengths/weaknesses and opportunities/barriers been assessed?
 - Has a Roadmap for Change been drawn up to outline the steps to reach the goals of the farm/ranch?

ROADMAP FOR CHANGE

GOAL FOR CHANGE:

OTHER RESOURCES NEEDED:

Action Item	Date for completion	Responsible Person(s)	Timeline or Milestones & Dates
1.	<input type="checkbox"/>		
2.	<input type="checkbox"/>		
3.	<input type="checkbox"/>		
4.	<input type="checkbox"/>		
5.	<input type="checkbox"/>		

RightRisk RM/USDA

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The Management Succession Workbook, located in the Resources section, has information and a worksheet that can assist you in developing the first portion of a written plan.

The value of this worksheet is it will help you to answer the following questions:

- Has a management succession assessment been completed?
- Have the business strengths/weaknesses and opportunities/barriers been assessed?
- Has a Roadmap for Change been drawn up to outline the steps to reach the goals of the farm/ranch?

Knowledge Check

Determine which questions below are addressed in the *Roadmap for Change Worksheet* and drag them to the folder.



Question-1
Has a detailed outline been assembled for monitoring the transition process?

Question-2
Has a management succession assessment been completed?


Question-3
Has a Roadmap for Change been drawn up to outline the steps to reach the goals of the farm/ ranch?

Question-4
Has any thought been given to periodically replanning or reevaluating the management succession plans

Question-5
Have the business strengths/ weaknesses and opportunities/ barriers been assessed?

Let's take a moment to check your knowledge.

Knowledge Check



Correct

That is correct. The value of the *Roadmap for Change Worksheet* is it will help you answer these questions.

Continue


Question-1
Has a detailed outline been assembled for monitoring the transition process?

Question-2
Has a management succession assessment been completed?

Question-3
Has a Roadmap for Change been drawn up to outline the steps to reach the goals of the farm/ranch?

Question-4
Has any thought been given to periodically replanning or reevaluating the management succession plans

Question-5
Have the business strengths/weaknesses and opportunities/barriers been assessed?





You have completed Stop 4, Develop a Written Plan. Click Stop 5 to learn how to communicate the plan.



Our fifth stop is to communicate the plan.

Let's explore how the Miller family has communicated their plan to the rest of the family.



Judy and Graham worked closely with the family during this process. Everyone was aware of the initial plans. However, not all family members were aware of developments since the initial draft. Judy and Graham gathered the family together to present their plan in its entirety. During this meeting they gathered some additional feedback from everyone and discussed sharing the plan with stakeholders and outside resource people to get some additional perspectives.

It was decided through the discussions that Graham should involve Joshua in future meetings with the Bureau of Land Management, Forest Service, and Natural Resource Conservation Service. The two of them would share appropriate portions of the Kalang Ranch transition plan with representatives of these agencies.

In addition, Graham and Clarisa would arrange to meet with their lender to share portions of the plan and discuss upcoming role changes.

MANAGEMENT SUCCESSION


HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

How Do You Communicate the Plan?

Talk to Successor(s)

Talk to Family Members

Talk to Stakeholders




There are many alternatives for successfully communicating the approach selected for transitioning management of the business. The most important thing is to select one and make sure not to leave out anyone who should know.

Make sure to communicate with the:

- Successor(s)
- Family members
- Stakeholders

Click each tab to learn more.



Once the plan is written, you should communicate the details to family members, employees, and others who have interests in the continuity and success of the business. The existence of a plan will likely reassure everyone involved and allow them to align their own future plans to ensure a smooth transition.

There are three primary groups of persons you need to communicate with: the chosen successor or successors; the entire family, including those off-farm; and other stakeholders like advisors, accountants, attorneys, financial lenders, and other stakeholders.

Click each tab to learn about communicating with each of these groups.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT


Talk to Successor(s)

Talk to Successor(s)

Talk to Family Members

Talk to Stakeholders

The present manager may assume that the only thing his/her chosen successor wants is to take on the life-long responsibility of running the family farm or ranch. But, what if the successor has dreams to go into another business, or start a professional career, or get married and move to another location?



Do not assume you know. Such assumptions are the way to future trouble and heartache.

Before announcing your decision, be sure to spend time in an honest and in-depth discussion with the person or persons whom you have chosen as successor or successors. Management is an honor and sign of trust, but also a long-term responsibility and burden.

Don't assume until you have had more than a cursory talk with the persons you have in mind, explaining all they will gain, but, also, all they will be giving up by taking on this responsibility. Ask them if they really want to do this. They may whole-heartedly accept the honor, responsibility, and sacrifice, or they might be hesitant and want to give it a trial run, or they could totally reject the idea.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Talk to Family Members

Talk to Successor(s)

Talk to Family Members

Talk to Stakeholders

Think about what form of announcement will be the most positive and encouraging for the majority of the family.

- How could you frame and celebrate this decision and transition as a positive step into the future, as a reason for celebration of past progress and future promise?
- Perhaps a family gathering or dinner, where you can officially announce your successor(s) and applaud their commitment to the future of the family business?
- What about a family council meeting or business meeting to announce the choice?



There are multiple ways to communicate the choice, once the decision has been made. To hold such a decision in secret, even if it may be unpopular with certain people or factions, will only contribute to rumors, suspicion, confusion, and fertile ground for hard feelings. The sooner the decision is shared with those concerned, the sooner each can come to terms with the decision and start to move forward with the transition.

If a group gathering or celebration is not possible, have a personal conversation with each of those who need to know.

The screenshot shows a website with a blue header. On the left is a logo for 'MANAGEMENT SUCCESSION'. To the right of the logo is a navigation menu with the following items: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. Below the header is a light blue banner with the text 'Talk to Stakeholders'. Underneath this banner is a vertical sidebar with four buttons: 'Talk to Successor(s)', 'Talk to Family Members', 'Talk to Stakeholders' (which is highlighted), and a blank light blue box. The main content area is enclosed in a dashed border and contains two paragraphs of text and a photograph of three business professionals. The first paragraph states that stakeholders can provide valuable information and advice. The second paragraph notes that change brings stress and uncertainty, and the purpose should be to minimize this during the transition period. A small icon of a document with a plus sign is located at the bottom right of the dashed box.

It is important that the choice also be communicated to the succession team, employees, and any other stakeholders involved or concerned with the ongoing operation of the enterprise. As with family members, the sooner the decision is shared with those concerned, the sooner each can come to terms with the decision and start to move forward.

When the choice is communicated, make clear the terms of the transition.

- Is it immediate and permanent?
- Is it a trial or probationary period?
- If probationary, when will the decision become permanent?
- Will present managers transition out as the responsibility and authority of the new manager or managers is increased?

Those working in the business will need to know what the chain of command is and what has changed if they are to work efficiently and without undue stress and anxiety.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT


Implement the Plans

Review your initial "Goals for Change" and their "Action Steps" and carefully plan how you might need to reconfigure the assignment of responsibilities, financial inputs, capital goods, employees, and other resources to best accomplish the goals and management changes.


A smooth transition is not an accident - it is planned. Determine the exact steps to move from where you are now to where you want to be.

Continually monitor and evaluate progress and communicate your analysis.

Click each image to learn more.



Resources Plan Coordination Communication



Implementation is about making sure the correct resources are available where and when they are needed. Those resources may include financial assets, additional skills, or even outside expertise.

The retiring managers and successors and any associated management team members should hold regular and thorough conversations to detail how and when changes are made and who is responsible. Without a conscious effort toward clear and complete planning for change and its implementation, the transition will be incomplete and uncoordinated at best and a possible disaster at worst.

Communication among team members is key to coordinating resources, especially regarding team roles and responsibilities.

Click each image to learn more about how to implement your plan.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Resources

- Resources include more than the physical assets, even though those are important. Consider whether sufficient quantities of each resource have been assigned to enterprises and whether those enterprises are timed and located in such a way that your resources such as time, machinery, funding, and labor can be spread across the calendar to prevent shortages at busy times and excesses during the off times.
- These allocations must be regularly discussed in detail by management to properly move forward.

Resources Plan Coordination Communication

Decisions must be made concerning how much and what type of land is dedicated to each part of the enterprise, whether the family labor force is sufficient and possesses the necessary skills needed for each enterprise, and whether there are sufficient capital and capital goods to properly support the operation and attainment of identified goals. In addition, it is important to assess whether there are enough hours in the day to accomplish your goals and how the time of each team member and employee is best spent to meet your needs.

The screenshot displays a software interface for 'MANAGEMENT SUCCESSION'. At the top left is a logo with the text 'MANAGEMENT SUCCESSION'. A horizontal navigation bar at the top contains the following links: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled 'Plan Coordination' and contains the text: 'Plan how you will coordinate the changes you have envisioned. They won't happen by themselves.' Below this text is a large, empty white rectangular box. At the bottom of the interface, there is a footer with three tabs: 'Resources', 'Plan Coordination', and 'Communication'. A small icon of a document with a checkmark is located in the bottom right corner of the footer area.

The management team needs to plan and orchestrate each step as they move through the process.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Communication

Don't assume that the expectations, analysis, and sense of accomplishment, or thoughts for adjustment along the way will be the same between any two management team members. Every person will have their own bias affected by their personality, position, experience, age, etc. Only by establishing a strong communication system between all those involved (founders, successors, family, employees, advisors, etc.) will disagreements be worked through and divisions avoided.

Resources Plan Coordination Communication

Changing your communication habits may be difficult, especially if you are used to making decisions and implementing them independently. It is advisable to establish a formal communication process rather than rely on chance discussions while hitching up the grain drill or vaccinating calves. Courses I & II provided information on how to establish family council meetings, business management meetings, and other communication processes. Discuss how you will communicate your observations, thoughts, ideas, and assessments to provide feedback on your success and adjustment to your implementation steps.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Workbook Activity 6

Where are you on communicating your plan and implementing it? To find out, review or, if time permits, complete the following worksheet in the Management Succession Workbook:

- *Communication Worksheet*
 - Has a list of individuals that need to be aware of the management succession plan been put together?
 - Have the various alternatives for communicating the plan been discussed?
 - Has a decision been made?
 - Have methods for resolving conflict been discussed, should the communication process not go well?

Management Succession Workbook Plan: How Do We Get There From Here? Communication WORKSHEET

What process will be used to communicate the choice of successor to others who need to know?

Who is/are the individuals that need to be aware of the plan?

When will the communication process begin? End?

Who will be involved in communicating the choice?

How will communication be accomplished? Will the approach be the same for all those listed above?

Is it likely that any communication could happen in the transition process. How will this communication be handled by the individuals involved in the transition?

Is there a conflict resolution strategy or recommended method for handling conflict within the business? How will conflicts between the founders and incoming generation members be handled? Why will be involved in resolving the issues?



The Management Succession Workbook, located in the Resources section, has information and a worksheet that can assist you with communication and implementation.

The value of this worksheet is it will help you to answer the following questions:

- Has a list of individuals that need to be aware of the management succession plans been put together?
- Have the various alternatives for communicating the plan been discussed? Has a decision been made?
- Have methods for resolving conflict been discussed should the communication process not go well?

Knowledge Check

Determine which of the questions below are addressed in the *Communication Worksheet* and drag them to the folder.



Question-1
Have the various alternatives for communicating the plan been discussed? Has a decision been made?

Question-2
Have you prioritized the needed skills and characteristics?

Question-3
Have methods for resolving conflict been discussed should the communication process not go well?

Question-4
Has a list of individuals that need to be aware of the management succession plans been put together?

Question-5
Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?

Let's take a moment to check your knowledge.

Knowledge Check

Correct

That is correct. The value of the *Communication Worksheet* is it will help you answer these questions.

Continue

Question-1
Have the various alternatives for communicating the plan been discussed? Has a decision been made?

Question-2
Have you prioritized the needed skills and characteristics?

Question-3
Have methods for resolving conflict been discussed should the communication process not go well?

Question-4
Has a list of individuals that need to be aware of the management succession plans been put together?

Question-5
Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?



You have completed Stop 5, Communicate the Plan. Click Stop 6 to learn how to plan for retirement.



Our sixth stop is to plan for retirement.

Let's examine how the Miller family has planned for Judy's retirement.



Based in part on feedback from Jedidiah, the stakeholders, and outside resources, Judy and Graham, in consultation with the rest of the team, mapped out a financial plan for Judy to retire.

This included Clarisa beginning to take over the book keeping role under Judy's mentorship. They considered how wildlife on the ranch could be used as an additional source of income for Joshua's growing family. The family also discussed how Judy would be cared for, should her health begin to decline during retirement, as suggested by the Lasting Legacy courses.

The ranch will provide for Judy as long as she is able to live unassisted in her own house, as she has been doing since Joe passed. This includes a monthly stipend in addition to her social security check.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main heading is 'Roadmap for Founder Retirement'. On the left, there are two blue tabs: 'Founder Retirement' (which is selected) and 'Financial Preparation'. In the center is a cartoon illustration of a woman with long brown hair, wearing a red polo shirt and blue pants, with her hands outstretched. To the right of the illustration, the text reads: 'Planning for retirement involves at least two aspects:' followed by a bulleted list: '• Changing of the guard in the realm of authority and responsibility.' and '• Developing a plan to support the retiring managers financially.' Below the list, it says 'Click each tab to learn more.' There is a small icon of a document with a plus sign in the bottom right corner of the content area.

One more important step of planning remains. It is vital to determine specific steps to move the present managers from full day-to-day management of the farm or ranch to full time, retirement, and transition the new manager or managers to full authority, so that, they can begin to plan and prepare for the next successors, who will carry the operation on into another generation.

Click each tab to learn more about founder retirement and financial planning.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT



Founder Retirement

Founder Retirement

Financial Preparation

Specific steps may include:

- A financial plan showing how retirement will be financed.
- An agreement between the retiring manager(s) and the successor(s) about the extent of the involvement the older generation will continue to have in the business.
- An agreement about where the various farm families will live.
- Some ideas about what activities will absorb the retiring generation's creative energies.



Determine the specific steps from now to full retirement.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Financial Preparation

Founder Retirement

Financial Preparation

The retiring managers often must rely on the business for support during the later stages of life.

Financial preparations should be made to accommodate retiring founders as well as the successor(s) transitioning into management.

If necessary, talk to financial, investment, and retirement planning experts.



Oftentimes, so much money has been invested in the farm or ranch, that no savings, investments, or retirement funds have been established for those who are at the retirement stages of their lives.

The screenshot shows a web application interface. At the top left is a logo for 'MANAGEMENT SUCCESSION'. A navigation menu at the top includes links for HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled 'Questions To Answer' and contains a numbered list of six questions. To the right of the list is a large text input area with the placeholder text 'type your text here'. A 'PRINT' button is located at the bottom right of the page.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Questions To Answer

- 1) What can we do to treat all the offspring fairly and equitably?
- 2) How can the senior generation prepare for retirement?
 - a) How will retirement be financed?
 - b) What, if any, involvement will the senior generation continue to have in the business?
 - c) Where will the families each live?
 - d) What will the founders do during their retirement?
- 3) Who will be the successor(s) in the business?
- 4) How will the successor(s) be prepared?
- 5) How will the transfer of ownership be handled?
- 6) How do we want to treat non-family employees?

type your text here

PRINT

Your role is to create viable alternatives, not immediately solve the problem. Many decisions need to be made along the way and generating options for each should be your first goal. Here are some questions you should consider in developing options for consideration.

Upon completing your answers, you can print them by clicking the print icon.



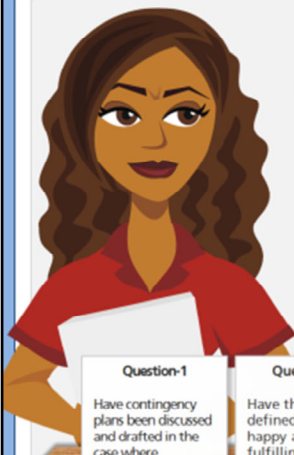
The Management Succession Workbook is located in the Resources section. In the Workbook, you will find information and a worksheet that can assist you in developing a retirement budget.

The value of this worksheet is it will help you to answer the following questions:

- Have the founders defined what a happy and fulfilling retirement means for them?
- Have the founders discussed and made known their wishes regarding work on the farm/ranch after they retire?
- Have the founders taken time to estimate what their income and expenses might be in retirement?
- Have the founder's retirement income needs been considered when developing the management succession plan?

Knowledge Check

Determine which of the questions below are addressed in the *Plan for Retirement Worksheet* and drag them to the folder.



Question-1	Question-2	Question-3	Question-4	Question-5
Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?	Have the founders defined what a happy and fulfilling retirement means for them?	Have the founders discussed and made known their wishes regarding work on the farm/ranch after they retire?	Have the founders taken time to estimate what their income and expenses might be in retirement?	Have the founder's retirement income needs been considered when developing the management succession plan?

Let's take a moment to check your knowledge.

Knowledge Check

Correct

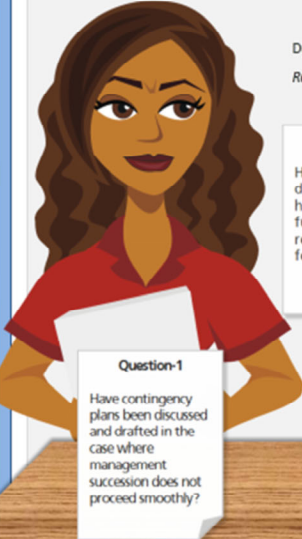
That is correct. The value of the *Plan for Retirement Worksheet* is it will help you answer these questions.

Continue

Question-2	Question-3	Question-4	Question-5
Have the founder defined what a happy and fulfilling retirement means for them?	Have the founder discussed and made known their wishes regarding work on the farm/ranch after they retire?	Have the founder taken time to estimate what their income and expenses might be in retirement?	Have the founder's retirement income needs been considered when developing the management succession plan?

Question-1

Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?





You have completed Stop 6, Plan for Retirement. Click Stop 7 to learn how to enjoy the years ahead.



Our seventh stop is to enjoy the years ahead.

Let's explore how the Miller family is enjoying their life.

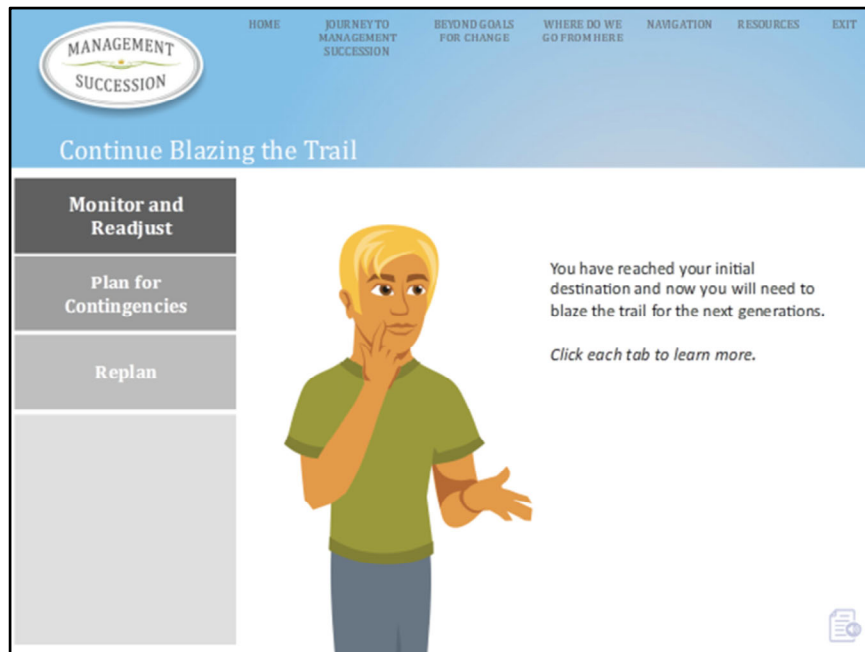


Judy and Graham set up regular meetings with the team that includes revisiting the transition plan to confirm it is on track and to adjust as needed.

In addition, given the experience of losing Joe so suddenly, they decided to plan for a variety of contingencies, including looking at making sure a backup person was familiar with as many critical ranch business roles and responsibilities as possible.

Graham strongly argued that they should begin developing a strategy to include any children (Joshua, Clarisa, or Jedidiah) who might have an interest in the ranch. This would require meetings with outside resources, including their tax accountant, legal counsel, and perhaps a professional estate planning advisor.

They also developed a monitoring strategy that included new business roles for family members not directly involved with day-to-day operations to make sure the transition strategies put in place were properly carried out.



You have reached your initial destination, and it will create peace of mind for the founders and in-coming generation. But you will need to forge ahead and blaze the trail for the next generations through monitoring and readjusting, planning for contingencies, and/or replanning the journey.

Click each tab to learn about communicating with each of these groups.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Monitor and Adjust

Monitor and Readjust

Plan for Contingencies

Replan

You should track progress as implementation of the transition plan begins. Periodically review the approach selected to ensure it remains the best path to success. Adjust to changes as needed.

Management leaders should regularly review the written plan for management and lead a discussion on whether goals and actions are being properly implemented. Expect differences of opinion. These differences need to be ironed out and consensus reached on how to continue.

Review the Roadmap to Management Succession worksheets developed for each goal for change.

Click each button to learn more.

```

graph TD
    FS[Formulate Strategy] <--> IS[Implement Strategy]
    IC[Informational Control] --> SC[Strategic Control]
    BC[Behavioral Control] --> SC
    SC --> FS
    SC --> IS
  
```

Even with the best of plans, changes occur as those plans are put into action. In order to minimize the impact of change, succession plans must be monitored and reviewed as plans unfold to allow for mid-course correction and adjustment, as needed.

As indicated earlier, this makes the establishment of an effective communication system critical for success. Tracking the progress of your action steps and reviewing the need for adjustments can be casual observations made while involved in the process, but notes need to be compared and agreement on continuation or adjustment should be formalized.

The Roadmap to Management Succession worksheets contain sections to indicate who will be responsible for various action steps and the tracking or monitoring systems that will be used.

Proper management and management transition is not a simple or easy process, but remember your goal is to pass your farm or ranch on to the next generation and not let it become one of the 9 out of 10 that dies by the third generation!

When monitoring and adjusting your plans, there are two types of control for the

implementation process. Click each button to learn about each type.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The top navigation bar includes links for HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The main content area is titled 'Monitor and Adjust' and features a sidebar with 'Monitor and Readjust', 'Plan for Contingencies', and 'Replan'. The main content area contains a box titled 'Informational Control' with a close button (X) in the top right corner. The text in the box describes informational control as 'doing the right things' and explains that it involves checking to ensure that day-to-day activities follow operational plans, with a reference to an 'Action Plan worksheet'.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Monitor and Adjust

Monitor and Readjust

Plan for Contingencies

Replan

Informational Control

Informational control: doing the right things

Describes both the action of checking to see that the right things are being accomplished and adjusting activities as needed to keep on course. The Action Plan worksheet presented earlier is a practical tool for monitoring the plans as they are executed.

Informational control describes the responsibility of management to constantly check that the day-to-day activities of implementation are following the operational plans. It is concerned with doing the right things.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Monitor and Adjust

Monitor and Readjust

Plan for Contingencies

Replan

Behavioral Control

Behavioral control: doing things right

Concerned with how things are done. This type of control essentially focuses on describing how individuals interact.

Behavioral control is focused on making sure plans are accomplished according to the philosophy of the organization. Behavioral control can be broken into three separate dimensions: culture, rewards, and boundaries. A well-defined system for behavioral control may help to diminish conflicts. To implement this type of control, management must monitor employee interactions with others inside the organization, as well as with suppliers and customers outside the organization.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT


Plan for Contingencies

Monitor and Readjust

Plan for Contingencies

Replan

We may have the same destination, but there is usually more than one way to get there. As we travel along the route of management transition, the same may be true. We can't plan for every eventuality.



Talk with your transition team about how you will communicate and determine a new course if prices fall or a family member dies, moves away, or becomes ill.

What is critical and what could change?

Sometimes, when on a trip, we run into road construction or a washed-out bridge and are forced to replan our route. We may not have all the answers when we first encounter a failure or major roadblock, but we should have a process in mind to deal with such situations and to plan a new route. Again, communication is critical in dealing with contingencies.

Sometimes we just can't get there from here. If the roads and bridges are totally destroyed, we may have to settle for a new destination. Consequently, every strategic plan needs a system for changing the course of action.

Never assume things will go just as you planned – they seldom do.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Replan

- Monitor and Readjust
- Plan for Contingencies
- Replan

In order to make sure the process is still on track, the transition team should:


- Meet periodically to make sure things are proceeding. This may not need to happen more often than every couple of years.
- Reconvene more often when there are many changes happening.

The team will need to settle on a schedule they feel is most appropriate.

If we consider that plans rarely go as put down on paper, it is important to have contingency plans to cover week-to-week or month-to-month changes.

- What do we do when there are major shifts?
- What if our successor is no longer able to fulfill the duties of management?
- What if, after preparing the successor(s) to take over our business, we find they are no longer interested in doing so or no longer physically able?

These sorts of changes are much bigger than a mere mid-course correction can address.



It is critical to ensure that all members of the business remain committed to the succession plan and understand what headway is being made toward accomplishment. To make sure this takes place, regular meetings should be scheduled and family members updated on progress. If needed, replanning or adjustments to the overall direction, roles, responsibilities, and timeline should be made to allow the succession process to proceed to the desired outcome.

The main thing here is to ensure that everyone involved is still committed to the same journey. If major changes have occurred and individuals feel it is needed, it may be necessary to revisit all the stages planned for the journey to ensure that the business and the people involved arrive at the destination desired.

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Workbook Activity 8

Where are you on monitoring, readjusting, and replanning your written plan? To find out, review or, if time permits, complete the following worksheet in the Management Succession Workbook:

- *Action Monitoring Worksheet*
 - Has the planning team put together an action plan complete with deadlines for management succession?
 - Has a detailed outline been assembled for monitoring the transition process?
 - Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?
 - Has any thought been given to periodically replanning or reevaluating the management succession plans?

Action	Date entered	% Complete	What is done?	What remains?	Adjustments needed	Completion date



The Management Succession Workbook, located in the Resources section, has information and a worksheet that can assist you with developing the monitoring and replanning portions of your written plan.

The value of this worksheet is it will help you to answer the following questions:

- Has the planning team put together an action plan complete with deadlines for management succession?
- Has a detailed outline been assembled for monitoring the transition process?
- Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?
- Has any thought been given to periodically replanning or reevaluating the management succession plans?

Knowledge Check

Determine which of the questions below are addressed in the *Action Monitoring Worksheet* and drag them to the folder.



Question-1
Has the planning team put together an action plan complete with deadlines for management succession?

Question-2
Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?

Question-3
Has a detailed outline been assembled for monitoring the transition process?

Question-4
Has any thought been given to periodically replanning or reevaluating the management succession plans?

Question-5
Has a Roadmap for Change been drawn up to outline the steps to reach the goals of the farm/ranch?

Let's take a moment to check your knowledge.

Knowledge Check

Correct

That is correct. The value of the *Action Monitoring Worksheet* is it will help you answer these questions.

Continue

Question-1
Has the planning team put together an action plan complete with deadlines for management succession?

Question-2
Have contingency plans been discussed and drafted in the case where management succession does not proceed smoothly?

Question-3
Has a detailed outline been assembled for monitoring the transition process?

Question-4
Has any thought been given to periodically replanning or reevaluating the management succession plans?

Question-5
Has a Roadmap for Change been drawn up to outline the steps to reach the goals of the farm/ranch?

MANAGEMENT SUCCESSION

HOME JOURNEY TO MANAGEMENT SUCCESSION BEYOND GOALS FOR CHANGE WHERE DO WE GO FROM HERE NAVIGATION RESOURCES EXIT

Continuing the Roadtrip

Click any stop icon to review what you have learned or click Next to continue the course.

NEXT

You have completed Stop 7, Enjoy the Years Ahead. Click Next to return to the main menu and select another module.