

Guiding Principles

The guiding principles survey is designed to uncover business priorities that will affect each family member's perspective on the transition planning process. Within the three broad categories below (major concerns, planning objectives and strategic objectives) are points that are important to consider when developing a transition plan.

Major Concerns:

Different parts of farm management may be of concern to families as they work through the transition planning process.

Planning Objectives:

Planning objectives are different planning goals used when families who farm together decide they need to get some things solved.

Strategic Goals:

These are goals for the business that have a longer timeline than day-to-day objectives. They define what you want to accomplish and how you want the operation to look in the future.

Why is this relevant?

This survey is more in-depth than the goals exercise you completed in chapter one. It identifies specific concerns, planning and strategic objectives for the farm. By completing the survey, each family member will have thought about priorities for the farm and the transition planning process as a whole. The resulting discussion helps to identify where family members may not all be on the same page regarding the future of the farm. Those differences of opinion can be addressed before proceeding too far with developing the transition plan.

How will this aid in transition planning?

This exercise:

- helps to promote communication and discussion about important topics as they relate to transition planning
- helps to get people on the same page
- helps to lessen the chance for conflict

Instructions - Major Concerns

In the exercise there are 15 different items that may be of concern in your business.

1. Each family member should fill out a survey individually.
2. As you read each statement, consider if you are worried that the issue is now or is likely to become a problem for your family or business in the foreseeable future.
3. The more concerned you are, the higher the number you should circle.
4. If you are not sure about an item, that means there is a possibility the item is or will be a problem, so rate that item in the somewhat concerned range, 6 to 3.
5. If you are sure the item is not important, circle a number close to 0.
6. Collect each individual's answers and include a discussion at the next transition planning meeting.
7. Compare and contrast each individual's answers, looking for areas of agreement and disagreement.
8. Store the documents for future reference.

Instructions – Planning Objectives

In the exercise there are 15 different planning objectives that may be important to you. Each family member should fill out a survey individually.

1. As you read each statement, consider how important is it that your family take on that particular challenge and get it done?
2. The more important you think the item is, the higher the number you should circle.
3. If you are not sure, that means you think the item could be important, so rate it in the somewhat important range, 6 to 3.
4. If you are sure the item is not likely to be important circle a number close to 0 for that item.
5. Collect each individual's answers and include a discussion at the next transition planning meeting.
6. Compare and contrast each individual's answers, looking for areas of agreement and disagreement.
7. Store the documents for future reference.

Instructions – Strategic Objectives

In the exercise there are seven different opposing statement pairs of strategic considerations on your farm.

1. Each family member should fill out a survey individually.
2. As you read each statement pair, consider which of the two opposing goals or standards on each line is more important to you, and by how much.
3. Mark the one number — and one number only — on the line that represents the best answer for you.
4. **Try to avoid selecting 0, which means you are truly undecided about relative importance.** Think more deeply. Usually you will be able to decide which is more appropriate for you. Often it's best to follow your first inclination.
5. Collect each individual's answers and include a discussion at the next transition planning meeting.
6. Compare and contrast each individual's answers, looking for areas of agreement and disagreement.
7. Store the documents for future reference.

How does this apply?

As you compare and contrast your answers as a family, note any major differences or similarities.

- Are there major differences that could impede the transition process?
- In what ways can you capitalize on similarities for the success of the farm?

If you find that there are major differences of opinion, try to find common ground. Often, the differences of opinion can be resolved. Consider using a facilitator or advisor to assist in working through the differences of opinion if the differences are severe.

There often are the natural differences in priorities between the retiring and succeeding generations. This is simply due to their respective stages in life. The retiring generation is naturally more concerned with preservation of their wealth (equity) and keeping to known paths of success. The succeeding generation may naturally be more inclined to take on risk and try new methods or business practices.

These differences must be reconciled within the transition plan. Failure to do so can result in conflict or transition plans that are unsuccessful. You will refer back to this exercise in the risk management and critical issues topics.



PLANNING POINTERS:

- Differences of opinion can sometimes simply be a different interpretation of the statement.
- There is as much to learn from areas where family members agree as there is from areas where they don't agree.
- Try to build on agreement.
- Not all of the statements will be relevant to all farm families.



WHAT TO WATCH FOR:

- Differences of opinion will sometimes not be resolved. This may or may not be a problem. Watch to see if and how these differences of opinion may arise at a later point of time in the transition planning process.
- Consider using a facilitator or advisor to assist in working through the differences of opinion if the differences are severe.



EXERCISE: Go to the forms appendix at the back of this guide for a blank copy of the Guiding Principles exercise on pages 249-251.

Next steps

Congratulations on completing this topic. You are now a step closer to having a transition plan for your farm. Please proceed to the next topic area on your Transition Plan, but don't forget to add any assigned tasks that were generated by working through this topic.

Guiding Principles

Major Concerns

Name: Date:		Very Concerned			Somewhat Concerned			Not at all Concerned			
		10	9	8	7	6	5	4	3	2	1
1	Disagreement about how to run the business among family members working in the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Survival of our farm or ranch, long term	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Disagreement among owners and partners about the real purpose of the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Fair treatment of heirs in ownership transfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Not enough financial reinvestment in the operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Lack of a future for family farming/ranching	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Unwillingness of current owner-manager(s) to retire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Inability of current owner-manager(s) to retire	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Negative influence of in-laws on family harmony and business decision-making	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Inability to pay estate taxes in the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Lack of competence of successors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Lack of commitments of successors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Poor communication among family	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Negative influence of off-farm owners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Negative effects of day-to-day stress caused by the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Planning Objectives

Name: Date:		Very Concerned			Somewhat Concerned			Not at all Concerned			
		10	9	8	7	6	5	4	3	2	1
1	Improve the effectiveness of our management team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Improve communication among family members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Use current advisors better	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Minimize estate taxes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Transfer ownership fairly to the next generation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Develop a specific retirement plan for current owners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Develop a way of funding the retirement of current owners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Develop an agreement among all owners on investment, risk, and return standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Define clear operating responsibilities for each manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Define a fair method of compensating family members employed in the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Increase personal cash flow to owners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Grow the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Diversify the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Define or revise an effective buy/sell agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Define how the next generation of family members will enter the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Strategic Objectives

Name:										
Date:										
	Important			Important			Important			
	4	3	2	1	0	1	2	3	4	
Own operation assets when possible	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lease/rent operating assets when possible
Focus on current crop/livestock mix	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Diversify beyond current crop/livestock mix
Maintain marketing independence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Produce under contract
Focus on agriculture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Diversify outside of agriculture
Position for long-term family ownership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Position business for sale to outsiders
All owners share in all ventures equally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Different owners own ventures differently
Employ owned land for farming purposes only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Employ owned land for highest and best use