Farm Business Transition

Day Two

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Day One Homework

• Start the development
  – Household budget
  – Simple inventory
    • Balance Sheet necessary for multi-member businesses
  – Goals, (short & long term) Vision, Mission

• Transition/ Retirement needs
  – A written plan that can be shared
  – Business, Transition & Estate Plans
Family Living

Source: Nebraska Farm Business, Inc.
• Transfer of assets
  – What do you have and who owns it
    • Non-recorded gifts
    • Lost inventory records

• Transition plan can help frame
  – Goals, Vision, Business direction, Family situation, others & Agreements
  – SWAT analysis
Successful Farm Transitions
Ownership Transition Plan

- Gift
- Sales
- Inheritance/will or trust
- Timeline
Fair may not be equal

• What is the farms current configuration?
• What is your individual/joint assets?
farm

- equipment
- buildings
- livestock

Business Type - Business Arrangements
Do we work to keep the farm in the family?

- Who is the successor?
- What do the financial projects tell you?
- What business arrangement will suit your situation?
- Can the senior generation move forward in the transition process?
De we keep the farm outside the family?

- Who could be the successor, do they have buy-in?
- What do the financial projects tell you about the farm/business need to change?
- What business arrangement will suit your situation?
- Can the senior generation move forward in the transition process?
Management

- Do you have a management transition or contingency plan?
- If the manager is unable to continue, who will replace him or her?
- Transition Plan in place?
Successful Farm Transitions:

Financial Viability

- Cash Farm Income
- Debt
- Family living needs
Successful Farm Transitions

Income/Labor Transition Plan

• How will income & labor be split?
  – Enterprise
  – Shares
  – Wage
  – Combination

• Timeline for split income and labor

• Job description
Successful Farm Transitions

Goals

• Older Generation
  – Retirement lifestyle (money needed)
  – Nonfarm heirs
  – Residence

• Younger Generation
  – Lifestyle (money needed)
  – Growth of business
  – Attitude toward debt
  – Ownership vs. renting
  – Family time vs. work
Business Succession Plan
The Transfer Process

Ownership
Management
Divide Income
Labor
Contact Links

Northwest Hort. Research Station
• http://www.nwmihort.org

Farm Management Web Page
• http://firm.msue.msu.edu/