



Succession Planning: a Business Strategy

Supporting your success



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**Primary Industries and
Regional Development**

Succession Planning: A Business Strategy

Supporting your success



You will:

- Understand how and why succession forms an integral part of a successful business
- You will have explored the process of Succession and
- Identified the key steps and activities
- You will have gained some confidence in starting your Succession process

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Welcome and introductions

- 1. What is Succession?**
- 2. The Succession Process**
 - Getting Started**
 - Gathering Information**
 - Develop Options**
 - Building Your Plan**
- 3. Review and Monitor your plan**

Work well together



Be Safe



Have fun!





Why is Succession so hard?

- **What are the Challenges?**
- **How can we overcome them?**





Succession Planning

Is all about planning for the future.

Is the ongoing process of ensuring the long term success of your business.

Is the business planning process that guides the change in ownership of the business and it's assets.



Planning for the future:

Progression Planning is the ongoing process of planning for all of the factors that need to be in place to ensure that your business would continue operating if you were suddenly or temporarily not a part of it.

Succession Planning is the ongoing process of planning the long term ownership, leadership and success of the business.



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Get Started

Planning Point

Where are you at NOW?

Scale of 1 - 10



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- 1. Get Started**
- 2. Gather information**
- 3. Develop options**
- 4. Build your Plan**
- 5. Review & monitor**



Step 1 Step 2 Step 3 Step 4

	<h2>Get started</h2>	Drivers for Succession
		Set your Succession Goal
		Communication
	<h2>Gather information</h2>	Stakeholder Identification
		Stakeholder Needs
		Asset Review
	<h2>Develop options</h2>	Cost out stakeholder needs
		Develop and test several options
		Seek professional advice
		Agree on Goals, Strategies and Actions
	<h2>Build Your Plan</h2>	Develop Succession Plan
		Develop Estate Plan
		Formalise Agreements
<h2>Regular review and adjustment of the plan</h2>		

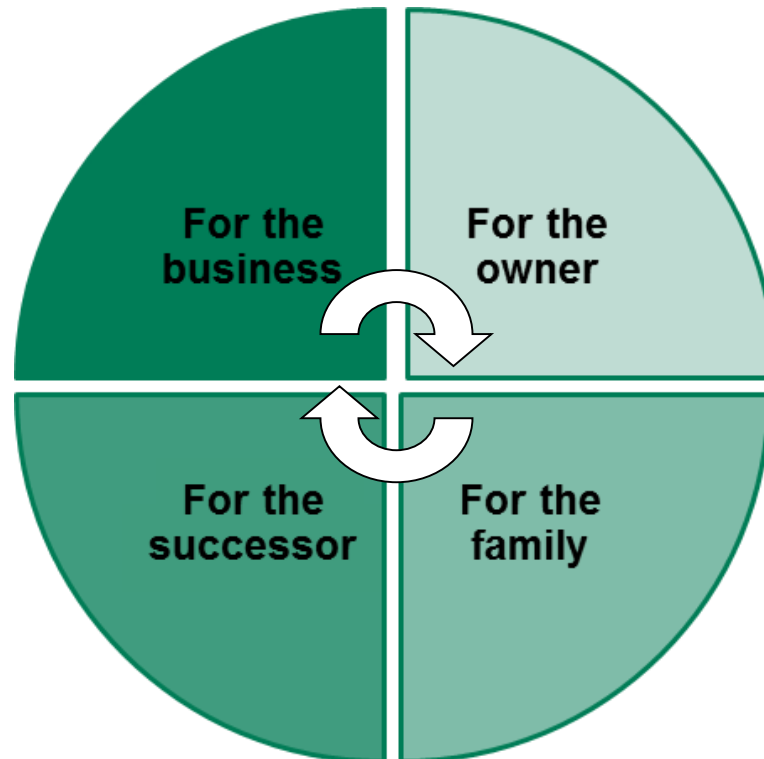
Why is Succession important ?

What would a good Succession Plan look like?

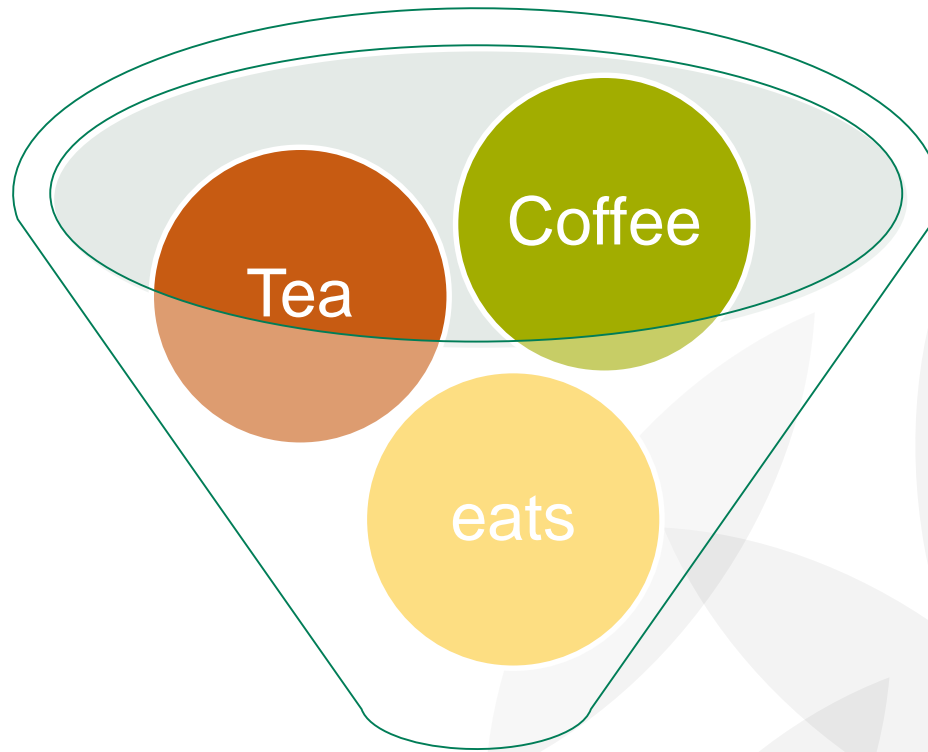
Group Brainstorm



What are the risks of poor Succession Planning?



Risk is: 'the *opportunity* or *threat* posed by an uncertain outcome'



Morning tea



A statement describing your business in the future. **‘What will my business look like in five (or 10) years time?’**

Vision



Defines how you plan to be successful. **‘How your business will position itself to be successful?’**

Strategy



Are what you must achieve to make the vision happen (SMARTT). **‘What are we trying to achieve?’**

Goals



Outline how you will accomplish your goals. **‘What is the best pathway for us to achieve our goals?’**

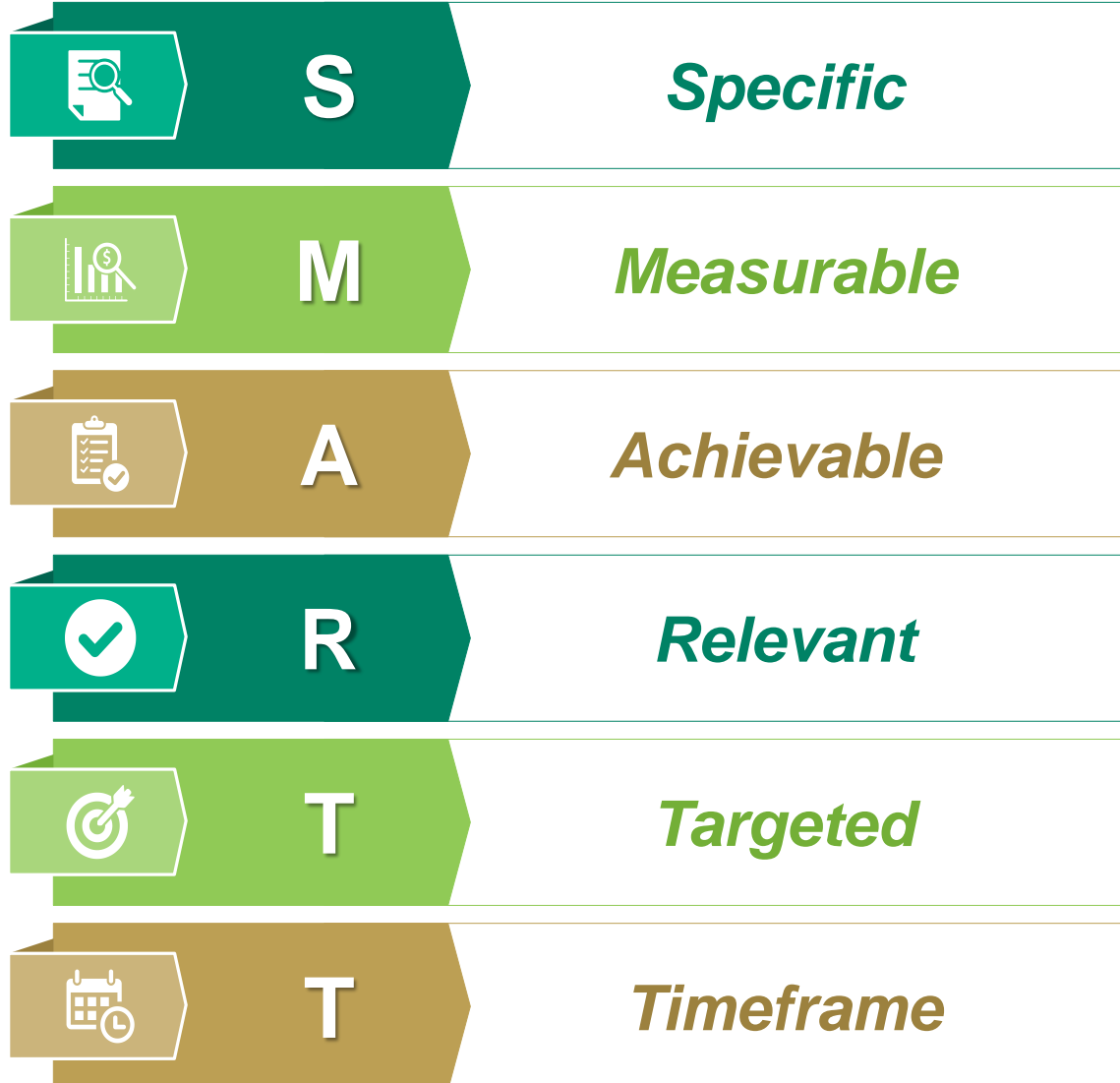
Key Initiatives



Are the activities or tasks that need to occur to achieve complete the strategy (who, what, when & how)

Actions

Your goals



SMARTT goals



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Get Started

Planning Point

Write down your Succession Goal



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One in five families find succession to be extremely' or 'very' stressful



Lyn Sykes estimates there is “**an average 20% drop in productivity** during periods of unresolved issues and conflict surrounding succession” ...

Mr Hutson said.
“The single biggest threat to agriculture is the destruction of the family unit from forces within”

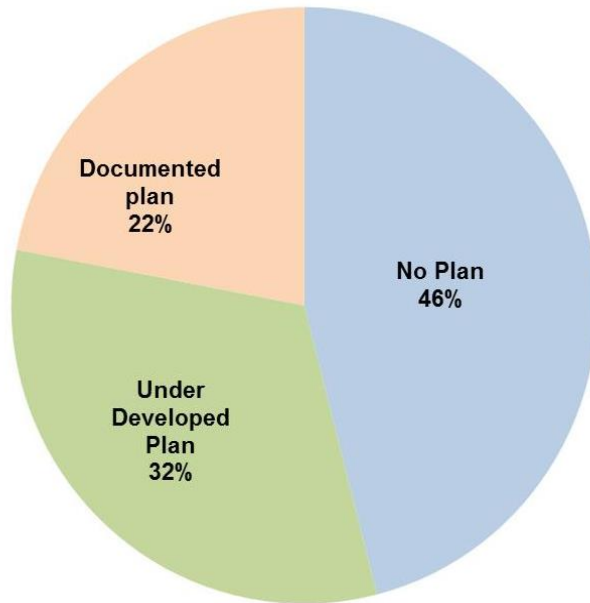
Andrew Beattie from ProAdvice says “the lack of early advice constructive communication and planning on succession results in not only disagreement between family members and personal stress, it also leads to business under-performance and potential erosion of the family wealth.”

Source: Gamble et al (1995), Crosby (1998) Barclay et al (2007)

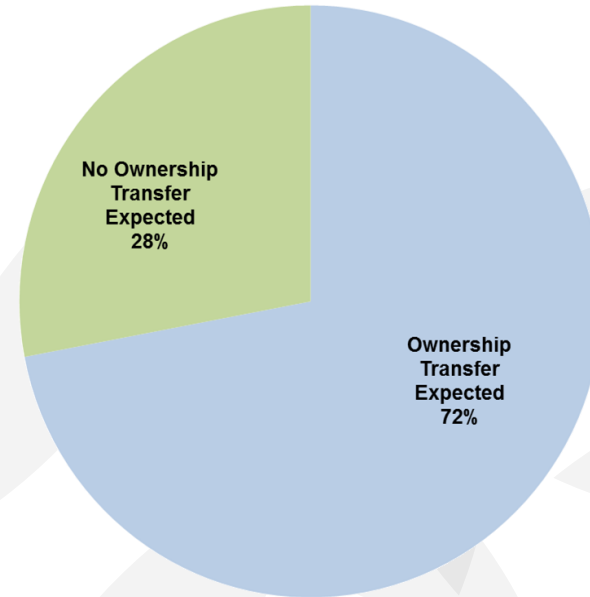
The main farmer (usually male)

- 30-40% have not discussed succession with their spouse
- 50-60% have not spoken to farm based children
- 82% have not spoken to the daughter-in-law
- 60% of the second generation have not spoken to their spouse...

**Succession Planning Amongst Family &
Private Business Owners**



**Expectation of Ownership Transfer in Next
Five (5) Years**



Gathering information step

- **Identify stakeholders**

- On farm
- Off farm

- **What are their aspirations/needs? Best language to use**

- **Extract the must-haves or not negotiables...**

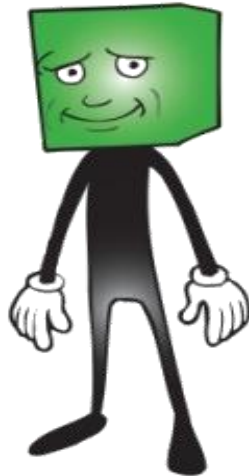


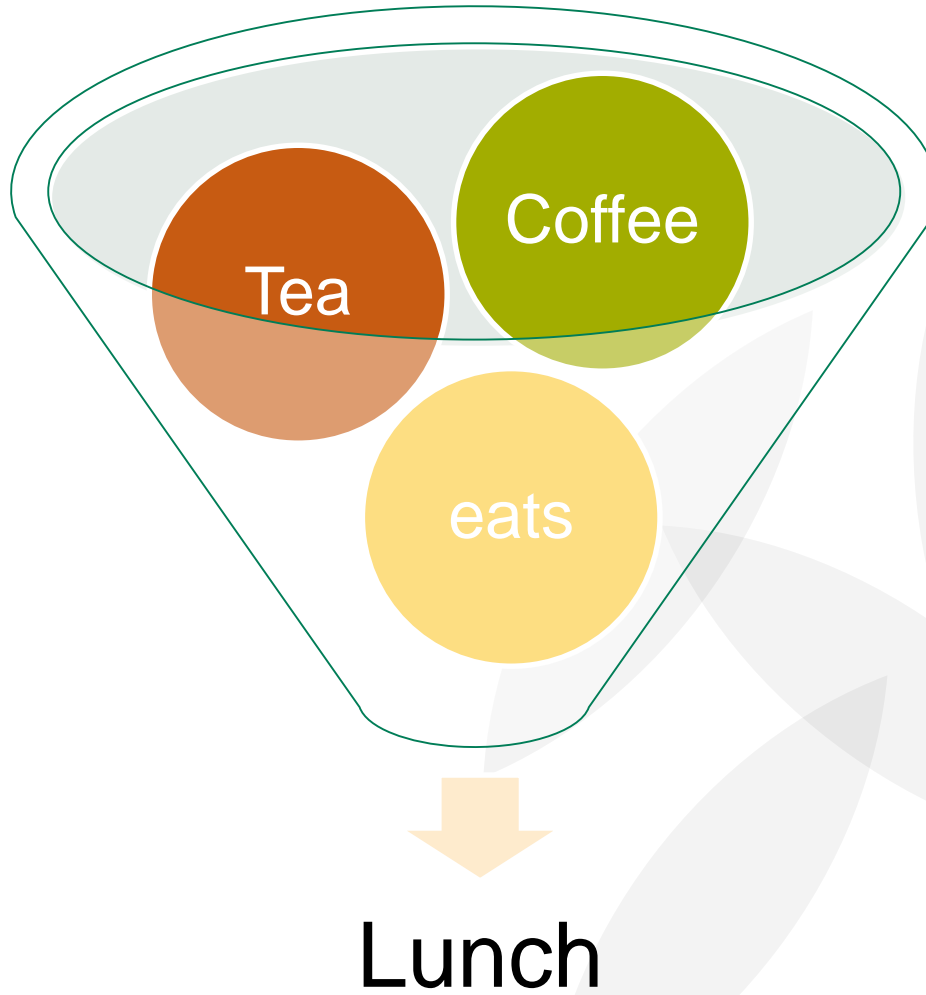


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Click Colours



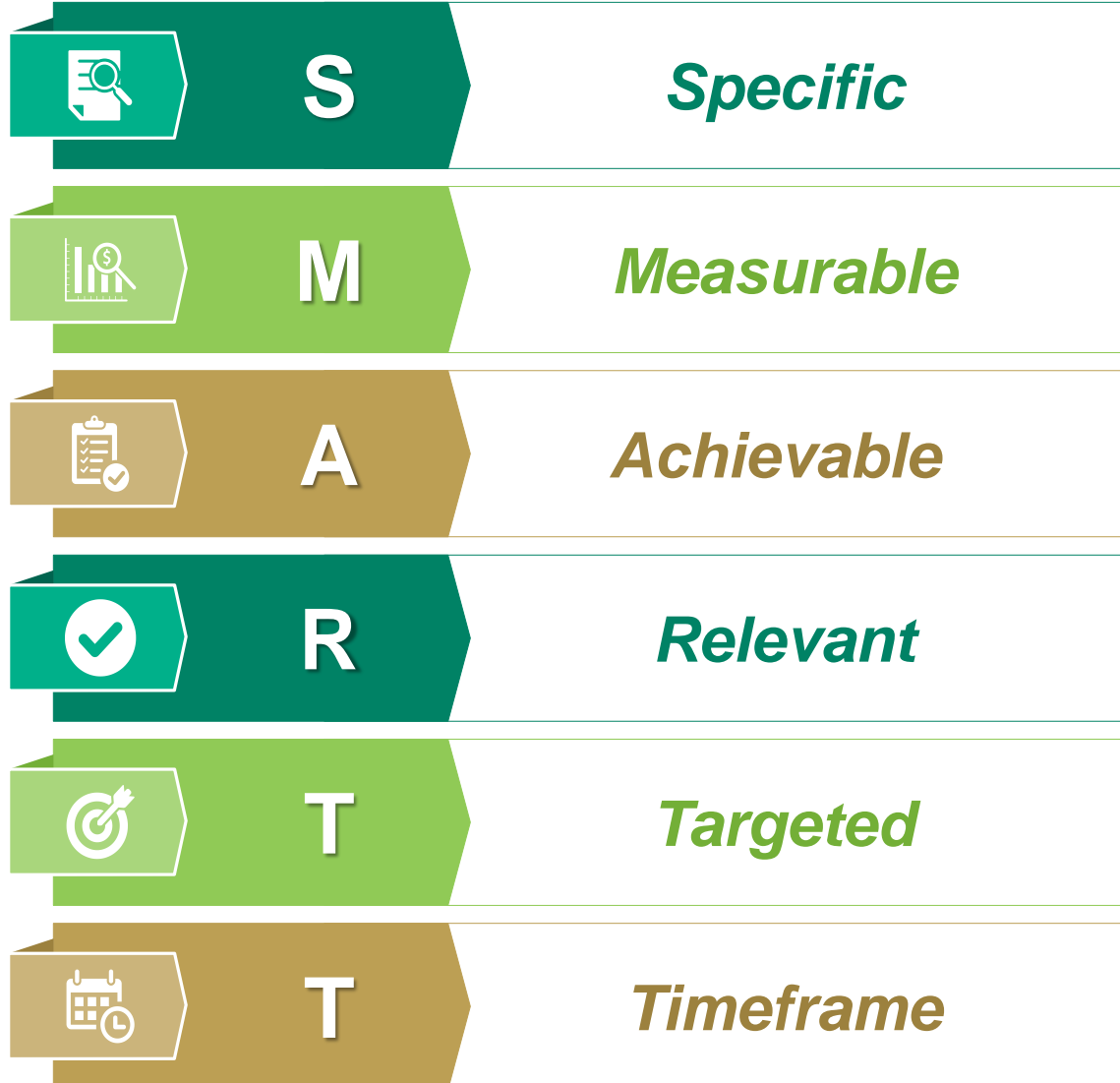


Step Three – Develop Options

- **Harness the strengths**
- **Tools for developing and evaluating options**
- **Seek professional advice**
- **Contingency planning**



Your goals



SMARTT goals



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Get Started

Planning Point

Achieving Your Goal

Strategies
Actions



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Step Four: Develop the Plan

What needs to occur in the next 5, 10 and 15 years?

- SMARTT Planning
- Upskilling the Successor/s
- Choose/ review your business structure
- Establish communication process
- Grow / Consolidate / Exit the business
- Plan to involve professionals



Step Four: Develop the Plan

Timeframe – Develop the Strategies and Actions

Resources?

- Who?
- What?
- When
- How?

Monitor and Review



Planning Point

Achieving Your Goal

Strategies
Actions





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Thank you

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Extra slides