

## Acknowledgements

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Plan, Prepare, Prosper is a strategic planning process that will help farmers to assess their enterprise and determine the best course of action in response to known and projected challenges to business performance.

The **Succession planning: A business strategy** workshop will help participants to begin and maintain the succession planning process.

The Department of Primary Industries and Regional Development would like to recognise and thank Growing Australia inc., Jan Miller and others for their contribution in the development of this workshop and permission to use their intellectual property.



Department of  
**Primary Industries and  
Regional Development**

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## Contents

Overview.....	4
The business of succession .....	11
What is succession? .....	11
The Succession Process .....	13
Step 1: Get started .....	20
A. Drivers for Succession.....	20
B. Review your business Vision.....	22
C. Communication methods.....	24
Step 2: Gather information .....	29
A. Stakeholder Identification .....	29
B. Stakeholder needs.....	31
C. Asset Review.....	35
Step 3: Develop options .....	37
Develop and test options.....	39
A. Cost out stakeholder needs.....	40
B. Develop and test several options .....	41
C. Seek professional advice.....	43
D. Agree to goals strategies and actions .....	46
Step 4: Build Your Plan .....	47
A. Succession plan.....	48
B. Develop estate plan.....	50
C. Structuring your business .....	53
D. Formalise agreements.....	54
Regular review of the plan.....	56
Succession planning: a business strategy .....	57
Appendix 1.....	71
References.....	71
Appendix 2.....	73
Resource materials .....	73
Tools .....	73
Structuring your business .....	84
Legal instruments.....	86
Advance Health Directive .....	87
Sample Agenda template .....	89
Succession plan template and guide .....	94
Business & succession details template.....	106

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## Overview

This workshop will guide you through the process of exploring, planning and enacting succession planning.

Please use this manual as a checklist to help you maintain momentum, stay on track and identify any gaps or opportunities that you need to build upon, especially if you are already in the throes of succession.

### Outcomes

You will understand:

- how and why succession forms an integral part of the business plan
- the process of succession and the key people and activities that contribute to its success
- the breadth of information required to make informed decisions about succession
- how to develop or revise your vision for the business to include succession and have made a commitment to ensuring this process is reflected in your business goals and strategies
- how to identify key stakeholders in your process and commenced the identification of stakeholder needs
- how to draft an initial communication strategy to get the succession process started for your business
- how to draft an action plan and identified indicative milestones and timeframes for this process.

### How to use the workshop materials

The discussion and activities of the workshop are designed to stimulate learning and understanding about the key components of succession planning and to share our insights and experiences.

Each step has a set of question tables to prompt your thinking and action. Actions and decisions can be recorded in your action plan found at the back of this manual which will help with momentum and accountability.

There is no 'one size fits all', when it comes to succession planning.

There is a uniqueness to every enterprise and every family that needs to be explored, listened to, taken into account and actioned.



<b>Our Business At A Glance</b>					
Entity Type	Registered Business / Company Name	ABN/ACN	Director(s) / Shareholder(s)	Commenced/ Expiry	Assets
Sole Trader					
Partnership					
Company					
Trust					

<b>Owned Property (including any off-farm)</b>					
Land / Property name(s)	Owner (Business Entity name)	Size (Ha)	Date Acquired	Title Numbers	Location of Title Deeds

**Owned property leased to others**

Land / Property name(s)	Size (Ha)	Title Numbers	Leased to (Business Entity name)	Lease Expiry Date	Terms of Lease

**Leased property**

Land / Property name(s)	Size (Ha)	Title Numbers	Leased from (Business Entity name)	Lease Expiry Date	Terms of Lease

**Owned Plant, equipment, livestock**

Description	Owned by (Business Entity name)	Purchase date



<b>Leased Plant, equipment, livestock</b>				
Description	Leased by (Business Entity name)	Leased from (Business Entity name)	Lease Expiry Date	Terms of Lease

<b>Bank assets and loans</b>				
	Institution	Account / Loan name	Signatories	Guarantors
Bank Accounts				
Loans				

<b>Superannuation</b>		
Fund / Company Name	Type	Beneficiaries

<b>Life Insurance</b>			
Individual	Fund / Company Name	Policy Number	Beneficiaries

<b>Share Portfolio</b>				
Shares Held	Owned by (Business entity or individual)	Number	Share Type	Purchase Date

<b>Wills</b>			
Individual	Executor(s)	Location of Will	Last Reviewed

Succession planning: A business strategy





<b>Power of Attorney</b>			
Individual	Power of Attorney held by	Date Commenced	Last Reviewed

<b>Guardianship(s)</b>		
Individual	Guardians Name	Relationship

<b>Advanced Health Directives (AHD)</b>		
Individual	Location of Advanced Health Directives	Last Reviewed

<b>People important to our business (Accountant, advisers, customers, suppliers etc)</b>			
Individual	Business Name	Role of Individual in our business	Contact details





## The business of succession

### What is succession?

Succession is the transfer of the ownership of the business and its assets. In agriculture, it implies the graceful exit of the aging owner and the smooth entry of the next generation.

Succession planning is the business process that guides the change in ownership of the agribusiness and its assets. It implies minimal disruption to the business or, very importantly, to family relationships.

The effectiveness of succession planning is 60% about people and relationships and only 40% about the mechanics of the change. It makes sense to develop your succession plan over a long lead time and pay attention to what matters most to each family stakeholder.

Family members will have different expectations about the future ownership of assets and about how each family member should or should not be involved in the business.

It is important that there is shared understanding about what will happen to the farming business (the succession component) and also about the estate planning process.

Succession planning isn't Estate planning. Estate planning is part of succession planning

Addressing succession and estate planning at the same time ensures that things will go forward as planned. It will also create transparency about decisions and outcomes for all members of the business.

### Process steps

Many succession planning guides have a widely varying number of steps. All necessary activities are incorporated in the simpler design on the next page.

The steps appear linear but activities within each may not necessarily be followed one after the other. Some activities may occur at the same time and, depending on the process you have adopted, may occur in a different order to how they are set out today.

It is important that the data gathered is appropriate to inform your decision making to ensure that you get the best possible outcomes.

Each step is treated separately in this workbook and supplemented with some relevant additional information related to succession.

Appendix 1 provides links to relevant agencies and organisations and expands on information in the manual.

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### **Who does this process apply to?**





Agribusiness and farming is referred to throughout this manual.

The principles, steps and concepts contained within apply equally to family based food manufacturers, agricultural value adders and specific areas of agriculture such as horticulture.

Where there is a variation from process or additional information required for the process, it is noted in the manual.



## The Succession Process

 <p><b>Step 1 Getting Started</b></p>	A. Drivers for Succession
	B. Review your business Vision
	C. Communication methods
 <p><b>Step 2 Gather information</b></p>	A. Stakeholder Identification
	B. Stakeholder Needs
	C. Asset Review
 <p><b>Step 3 Develop options</b></p>	A. Cost out stakeholder needs
	B. Develop and test several options
	C. Seek professional advice
	D. Agree to goals strategies and actions
 <p><b>Step 4 Build Your Plan</b></p>	A. Develop succession plan
	B. Develop estate plan
	C. Formalise Agreements
<b>Regular review and adjustment of the plan</b>	

**Changes in succession scenarios over the last 30 years**

Then	Now
Inherited by eldest male	Expectation of equity
Only one successor	Gender equality
Decision usually made by male owner/father	Laws to support equal division
Girls received non-farm assets or contributions	Recognition of sweat
Inequity not a key concern	Leading to smaller enterprises
Late transitions – at retirement or death	Increased debt burden
Succession legitimised by will	Scale needed for viability is increasing
Other successors helped to set up elsewhere	Children working off-farm
Successor been working on farm for some time	

**Workshop activity 1:**

What are some of the challenges of succession planning in agribusiness?



## Importance of succession

Succession is a process that needs to be managed along with company of stakeholders. It is not a journey travelled alone with the destination being the handover of the business.

It takes:

- **Time** to build the skills and experience of the successor to ensure the best possible chance of success – rounded skills, good knowledge of farm practices and history over years about the farm – financial, production, marketing, innovation, management systems, human resources.
- **Time** to harvest the knowledge of the owner/s
- **Time** to build assets and wealth to fund the needs of stakeholders (retirement, land purchase, off-farm assets)
- **Time** to understand the needs of family members and plan for the agreed priorities
- **Time** to plan for retirement
- **Time** to manage family relationships sensitively
- **Time** to get the business structure right
- **Time** to allow transfers, gifting and bequests in line with the structure and understanding tax advantages

*Richard Huston, Kojonup farmer and lawyer says forget about climate change, salinity and even who wins the election, there is a bigger threat to agriculture that urgently needs attention and that threat is coming from within.'*

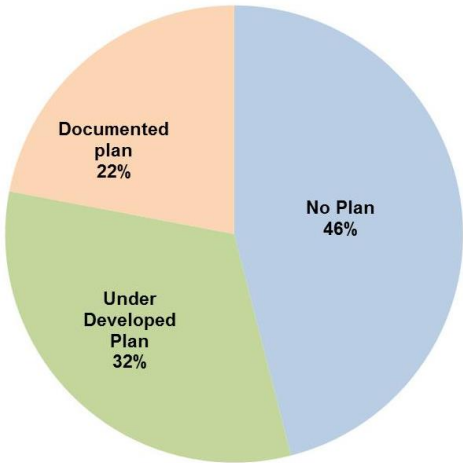
*'They are all very important issues but quite irrelevant if we have no farmers left or our farmers have no farms to work on.'* Mr Huston said.

*'The single biggest threat to agriculture is the destruction of the family unit from forces within'*

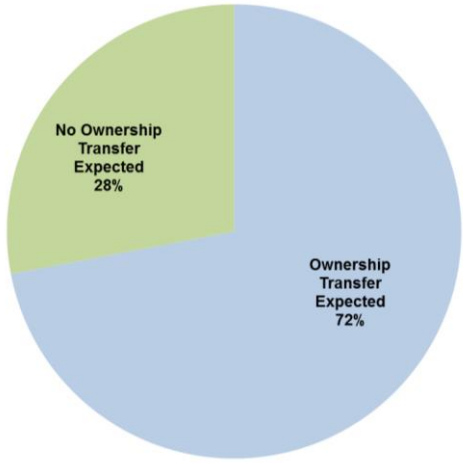
*Source: Farm Weekly Agribusiness Aug 2010 'Now is the time for succession planning'*

# The Statistics...

Succession Planning Amongst Family & Private Business Owners



Expectation of Ownership Transfer in Next Five (5) Years



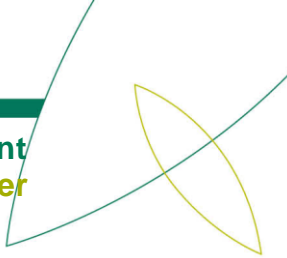
Whilst a growing number of families and businesses are approaching succession planning in a formal and structured way, it is clear that for many, a significant gap still exists between their good intentions and good planning.

It is the formalising of the plan that facilitates sound outcomes.

Anecdotally, it seems that while there is some improvement, the shift towards succession being a planned process, with good communication and long lead times, is still a work in progress.

**Imagine, 72% of business expecting to transfer ownership and 46% of these with no plan to enable it!**





**Workshop activity 2:**

What are the challenges or barriers of succession planning?

<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
<p>For the Business</p>	<p>For the Owners/s</p>
<p>For the Successor/s</p>	<p>For the Family/s</p>
<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

Succession planning: A business strategy

## Did you know?

Rural succession planning is one of Australia's key issues for the next generation with over 99% of Australia's 134,000 farms (estimated by the National Farmers Federation) currently operated by families. Over the past twenty years, the number of farms has reduced by 25%. In the horticultural industry alone, it is anticipated that the number of growers will reduce from 4300 to 900 over the next five years.

Importantly, the proportion of agricultural workers aged over 65 years is four times the national average and 25% of farmers expect to retire or semi-retire by 2020.

Despite these social and demographic trends, there is concern that there is a reluctance by farmers to plan for their succession with only 30% of farms having a sustainable retirement plan or succession plan.

Research suggests that between 35-50% of farm owners have not discussed farm succession with their family, even where adult sons are working on the farm.

Perhaps of greatest concern for those farmers wanting to leave a legacy and see their farm succeed for future generations is that;

- 66% of businesses do not survive transition from first to second generation;
- 85% do not survive from second to third generation;
- One in five families find succession to be 'extremely' or 'very' stressful.

In a global context, with increased competition and demand for greater diversification, many farmers are also considering the sale of the farm to corporate owners. Corporate farming provides a legitimate alternative for many farmers and this trend looks set to continue. This is not an easy issue to deal with, and one in five families have reported finding the topic of succession issues to be 'extremely' or 'very' stressful.

*Source: Hood Sweeney, Farm Succession Planning. A structured Approach. GRDC Business management Fact sheets.*



Identifying the need for succession is the absolute starting point for the development of any succession plan.

In an ideal world, succession planning would be a strategy or goal in your business or strategic plan. Succession planning would be regularly discussed and reviewed as a matter of course – just like production and financial activities are discussed and reviewed. Potential successors would also be identified early.

Once a succession cycle is complete, the next succession cycle should immediately become part of the strategic or business plan and remain an active part of the business agenda.

Questions in the following tables are intended to prompt your thinking about:

- a) Who is driving the desire for succession?
- b) What is the motivation for succession?
- c) Identification of a Successor and
- d) The communication process to surround planning and decision making discussions including:
  - o how to get started
  - o who to involve
  - o decision making
  - o maintaining momentum and
  - o funding the process

### **About expectations**

*What do people want?*

It is important to understand people's wants and needs.

Typically, the younger generation have the desire, but lack the capital to get started in agriculture. The older generation may be able to assist with the provision of capital through joint venture, lease or other arrangement.

The older generation want assurance about their retirement and confidence the next generation will not jeopardise their income stream, erode the asset base, or cause the business to fail. It is important to provide certainty for all family members and that certainty includes:

- freedom for the younger generation, with enough autonomy to make decisions and make their own mistakes and learn from those mistakes, rather than be overridden or criticised
- consideration of those family members not residing on the farm
- recognition of 'sweat equity'.



## Step 1: Get started

### A. Drivers for Succession

Who is driving the desire for succession?	Notes
Owners	
Potential on farm successor(s)	
Off farm sibling(s)	
Financiers	
Business partner(s)	
Relationship partner	
Other	

What is the motivation for succession?	Notes
Retirement	
Health factors – physical, emotional, mental	
Death	
Divorce	
Balancing life	
Creating certainty for family / business members	
Finances	
Business capability increasing/decreasing	
Identified need to develop others	
Take up alternative business opportunity	

Succession planning: A business strategy



Has a successor been identified?	Notes
On-farm family member/s	
Off-farm family member/s	
Relation	
Other	

The succession process has become more open in the last 20-30 years. Despite this, the ‘call to arms’ for succession planning is too frequently prompted by a crisis or near crisis situation around the four D’s.

Divorce, disability, death and disharmony can carry significant emotional angst and create time pressures to enact succession which can lead to suboptimal outcomes. Treat succession as an opportunity for exploration rather than a divisive chore.

*It is a blessing that someone has put it on the table, albeit it might feel more comfortable to bury your head in the sand and ignore it!*

## **B. Review your business Vision**

Your business, and your business plans, are drivers for your succession management plan. Your business vision should reflect succession plans.

Use the information below to review your vision and make any necessary changes to the vision and any supporting goal or strategies.

### **Do you have a vision for your business? It should:**

- be aspirational
- reflect your passion
- have a future view – at least five years but can easily be ten years
- be written as if you have ‘arrived’ or achieved it
- identify your business purpose and any underlying philosophies that are strongly held.

### **1. About your current vision**

- a. is your vision still relevant to the business?
- b. is succession reflected in your vision?
- c. is succession reflected in a business strategy in your Strategic Plan?

### **2. Revising your vision**

- a. do you need to create a sub-vision for succession to include timeframes and preferred outcomes?
- b. do you need to modify a strategy to include succession?
- c. do you need to create a goal and strategies for succession (i.e. succession is not catered for at all in your current strategic plan)

### **3. What time frame are you looking at to complete succession?**

- a. five years?
- b. ten years?
- c. fifteen years?

### **Are your succession Goals reflected in your plan?**

Think about the timeframe of succession for you. For many of you it will exceed the timeframe that you have identified in the vision. Whilst you may not have mentioned succession specifically, you may have talked about retirement, or creating a financially robust business to support you and your family which in fact implies succession.



**How can you incorporate this into your plan?**

It is important to treat succession as a basic business planning process that will be reviewed every year. Try either modifying your vision to include succession or create a goal with subsequent strategies and actions that will address it. Once it is in your plan, you are ready to roll.

**Workshop activity 3**

**Your business vision**

<b>Goal</b>
<b>Strategy</b>
<b>S1</b>
<b>S2</b>
<b>Action S1/S2</b>
<b>A1</b>
<b>A2</b>
<b>A3</b>

**Stakeholders/interested parties**

List the stakeholders / interested parties below


**Setting goals**

Remember the SMARTT goals. If you need a refresher you will find more info in the appendix.

## C. Communication methods

### What we know about communication in succession.

#### Poor Communication Costs!

Andrew Beattie 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 underperformance and potential erosion of the family wealth'.

Source' Andrew Beattie, ProAdvice Pty Ltd.2014 Succession planning - `the do's and don'ts of succession planning GRDC update paper

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


Rural Law Online Forum-Dec 2005 - forum postings highlighted the emotional trauma, financial loss and often irrevocable damage sustained to family relationships, which can occur where planned succession is not an integral part of the managing the farm business.

Rural Online Forum, 2005 – lack of purposeful planning and open communications will result in a significant and direct financial loss, not only to the individual farming families, but also to Australian primary industry as a whole

#### Communication methods

There is no one communication method that works best for everybody, but the research overwhelmingly shows that communication needs to:

- be open
- be transparent
- allow everyone in the process to understand who and how decisions are made.
- be consistent and enduring
- be mindful of the emotional issues that succession arouses, not just in the immediate family but also with other stakeholders



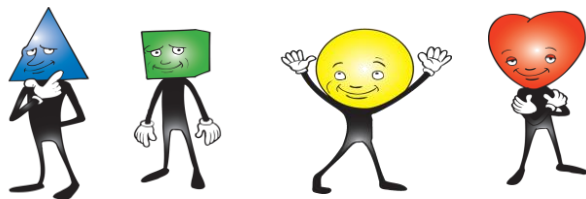
**Top Tip! Expect moments of miscommunication, lack of clarity and misunderstandings!**

Below are questions that will help you decide what communication activities you are going to put in place. Once agreed, it is wise to document the principles of your family communication so that it serves as a guide for when there are communication hiccups along the way.





Communication strategy questions	Notes
Is there a regular meeting that involves all family stakeholders?	
Is an agenda circulated prior to the meeting?	
Is there opportunity for all to add items to the agenda?	
Are minutes of meetings kept?	
Who facilitates/leads the meeting?	
Is there a review process for decisions and plans? How frequently will this be done?	
Have you considered using an independent facilitator?	
Has the communication strategy taken into account the needs of the stakeholders in a prior step?	
Have you determined how decisions are made?	
Does everyone understand how decisions are communicated?	
What process is there to manage disagreements?	



Starting the process questions	Notes
<p>How will you commence the process?</p> <ul style="list-style-type: none"> <li>a. shared family meeting</li> <li>b. written communication – letter, email</li> <li>c. phone call</li> <li>d. face-to-face individual discussion use of facilitator</li> </ul>	
<p>Have you identified which professionals will need to be consulted/engaged?</p> <ul style="list-style-type: none"> <li>a. Accountant</li> <li>b. Financial advisor</li> <li>c. Solicitor</li> <li>d. Succession facilitator</li> <li>e. Financial counsellor</li> <li>f. Farm advisor</li> <li>g. Other</li> </ul>	
<p>What level of involvement will they have?</p> <ul style="list-style-type: none"> <li>a. Totally manage the process from initiation to completion of succession</li> <li>b. provide oversight only</li> <li>c. Provide initial advice, then as required</li> <li>d. Gather initial data/needs from stakeholders</li> <li>e. develop and present options</li> <li>f. Develop and enact family and legal agreements</li> </ul>	
<p>How will you maintain momentum?</p> <ul style="list-style-type: none"> <li>a. Who will lead</li> <li>b. Regular family meetings</li> <li>c. What milestones will there be</li> <li>d. How will outcomes be recorded</li> <li>e. How will all parties be accountable</li> </ul>	



Funding questions	Notes
How much are you prepared to spend? \$5,000-\$50,000?	
How will it be funded?	
Will provisions be made for annual or biennial reviews?	

Decision making questions	Notes
Is it clear who will have input into discussions/the succession process?	
Is it clear who will ultimately make decisions?	
a. The current business owner/s	
b. business owner/s and potential successor/s	
c. will the decisions be by consensus or autocracy	
What approach will you use to manage conflict/disagreement?	

Notes:

Highlight the parts you need to do – **Or** write down in the Notes section the key point from ‘what makes a good succession plan’ that is relevant to you or you would like to incorporate in the future.

**Agreeing on the process**

The most important component of succession is understanding how decisions will be made about the process.

It may still be that the owner makes the decision in isolation and then communicates that to stakeholders. Alternatively a more participative process may be adopted. The prime importance is that everyone understands the process and the level of influence of individuals.

**Major causes of conflict/tension (in order of most common)**

2015	2013	2011	
1	1	1	Future visions, goals and strategy
2	n/a	n/a	Balancing needs of the family vs. business
3	6	4	Lack of family communication
4	8	3	Succession-related issues
5	5	n/a	Financial Stress
6	3	n/a	Managing growth
7	2	n/a	How decisions are made
8	4	2	Competence of family in the business
9	9	5	Lack of family/non-family communication
10	7	6	Remuneration
11	10	7	Sibling Rivalry

Source: KPMG Family Business Survey 2015



## Step 2: Gather information

Gathering information forms a large chunk of the succession plan. It needs to be done thoroughly. Decisions affecting outcomes and peoples' futures will be made as a result of key steps in this section.



The following pages contain checklists to help stimulate your thinking and keep you focussed on key information aimed at understanding:

- a) who has a stake in succession
- b) what their needs are
- c) the financial position of the business
- d) the performance of all assets

### A. Stakeholder Identification

What/who is a stakeholder?

Stakeholders are those people who have a **vested** interest in the success and /or continuation of the business because for example:

- it provides a livelihood or income stream directly to the person or related business family
- they are emotionally invested in the business, the heritage of the business, the land or the lifestyle
- they form an integral part of the supply chain

The relationship to the business may be as a partner involved in asset and profit sharing, or a commitment to supply or receive a product for a stated period.

Not all stakeholders are necessarily directly involved in the running of the agribusiness. For example, a family farm might be run by the parents and one child. This does not mean that the off-farm children are not stakeholders. They will have stated, and unstated, expectations about what will happen to the farm, how they might or might not contribute given the choice etc.

Which of the following stakeholders need to be consulted or included in the succession plan?

Who	Notes
Owners/business partners	
On-farm children workers	
Off-farm children	
Customers	
Employees	
Suppliers	
Financiers	
Other	

With whom have you had already had discussions?

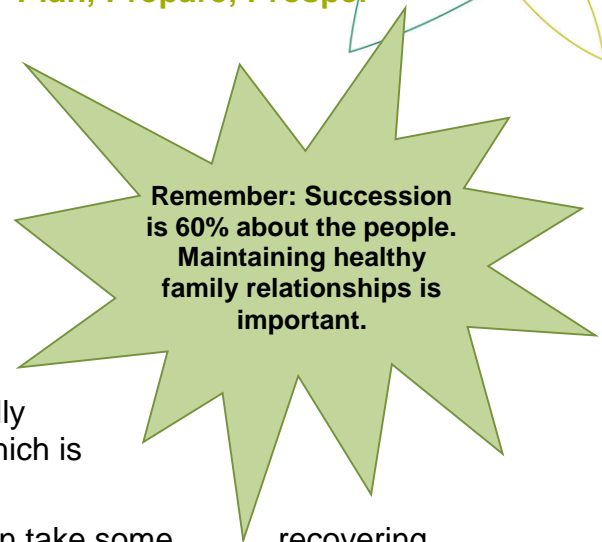
Who	Key points that emerged

## B. Stakeholder needs

### Setting up for success (and planning for the future).

If you have already had discussions with some of the stakeholders, it is important to keep track of who these discussions have been with and what you actually discussed. This forms a critical part of the next step which is about gathering stakeholder needs.

Unintentionally missing a person out of discussions can take some recovering from. It can trigger feelings of exclusion, not being valued and of being unimportant. It can potentially reinforce that this process is both unsafe and not transparent.



Stakeholder needs	Notes
<b>The owner/s or retiree/s</b>	
Wanting to retire/exit the business?	
Do I have enough money to retire on?	
What will be the source of post retirement income?	
Will it be from the farm?	
Do I need to be self-sufficient?	
Ideally when does it need to occur?	
Will I stay on the farm?	
Where else might I live?	
At what point do I transfer the business and decision making?	
Has a successor been identified?	
Do they have sufficient skills and experience to take over the business now?	
Will they be ready in two years?	
Will they be ready in 5 years?	

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Will land ownership form part of my estate planning or occur as part of succession?	
How do I ensure equity/fairness amongst my children?	
How do we make decisions about succession?	
Do we as owners decide and tell others?	
Who do we include in the discussions and decision making process?	
At what point do we seek professional advice and from whom?	
<i>Will assets need to be sold?</i> <i>Which ones?</i> <i>When?</i>	
Do we need to include sunset clauses to protect assets for a period after succession?	
Can we address death, divorce and disability as part of succession?	
<b>Business partner</b>	
Is the exit strategy clear?	
Is the transition strategy clear for the new business partner/successor?	
What stages will the transition take?	
What are the roles for the 'new owners'?	
Are the decision-making responsibilities clearly defined? <i>When will this be reviewed?</i> <i>What are the triggers for a review?</i>	
Is there equal profit share?	
Is the profit sharing tiered?	
Are there criteria for review and progression?	

Succession planning: A business strategy





Who carries the debt assuming it is greater with transition/exit? Is it apportioned?	
Will there be agreements in place to cover how a potential sale may take place if either party wants to exit?	
Will there be a 'first dibs' option to buy should one party want to sell?	
What are the key relationships needed to ensure the commercial aspects of the business? (employees, suppliers, financiers, customers)	
Will I be assured of a job?	
Will the work I do change under the new owner?	
Will my conditions of work be protected?	
<b>Financiers/customers/suppliers</b>	
What impact will this have on us?	
Are we able to provide the same level of service if the debt to equity ratios changes significantly?	
Are there contracts in place with suppliers or customers that need to be formally transferred?	
Do we need to clear/pay down debt as part of this process?	
Are there any financial restrictions in place?	
<b>Potential successor/s</b>	
What is the timeframe for succession?	
Will the business still be viable post-succession?	
Will I be able to manage the debt burden?	
Will I have to pay out other siblings?	
Have the assets been accurately valued?	
What skills do I need to acquire?	

If the plan requires assets to be sold, how can the value of these be maximized?	
When does the land title get transferred?	
What are the links with estate planning?	
Will I be adequately compensated for the time already spent on the farm?	
If there is more than one successor <i>How will the asset/enterprise be set up?</i> <i>What roles will be taken by each person?</i>	
What if someone changes their mind or objects? How protected am i?	
What if mum and dad continue to have a stake in the business? Will I be able to do things differently? Who will make the decisions? O what roles will we each have?	
Off-farm siblings	
How will succession affect me?	
What access will I/my family have to the family farm?	
How does this impact on my inheritance?	
What if the farm business fails after succession?	
Are the needs of my family going to be adequately met?	
What if he sells the farm and makes a significant profit, does it get shared with the us?	
What if there is a marital breakdown, who then inherits the farm?	



### **Outcomes/non-negotiables**

As a result of exploring individual stakeholder needs, the must-haves or non-negotiables that need to be met in order for the succession process to progress need to be identified.

Examples might include:

- a) a viable farming enterprise
- c) healthy family relationships
- d) certainty/security for successors

### **C. Asset Review**

The prime purpose of the asset review is to interrogate the data you have at hand and to develop a really clear picture about the numbers, production strategies, budgets, outcomes, profit etc. so that the financial state of the business is clear and this is accounted for in the succession plan.

Remember, that as succession is a lengthy process and farm income, debt and equity can vary significantly over time. This variation can be due to seasonal variability and unforeseen impacts including illness, death or divorce, you are likely to need to revisit and update the financial asset review several times as the succession plan is developed and implemented over time.

Given that succession is getting more of what you want in your life, it is important to you need to understand the business picture exactly as it is now, look at where it needs to go to fund the options under consideration - and certainly, the not-negotiables - and then, how to get there.

<b>Financial Asset Review</b>	
<b>Your current financial indicators</b>	
Debt : equity	
Net profit	
Gross profit	
Others	
<b>Farm assets</b>	
Land and infrastructure	
Leasehold	
Equipment and machinery	
Livestock	
Chattels	
<b>Off-farm assets</b>	
Real estate	
Shares	
Bonds	
Superannuation	
Businesses	
Trusts	
Companies	
Other	
<b>Business plan outcomes</b>	
Goals and targets reached	
Future initiatives – funding required	
Budgets and cashflow	
Tax returns for the past 5 years	
Productions records for the past 5 years	
Marketing and customer analysis	

**If you would like to know more about your financial indicators you may like to attend some of the other Plan, Prepare, Prosper suite of workshops!**



### Step 3: Develop options

You may also need to involve professionals in this aspect of the review.

This section provides more questions and activity suggestions intended to prompt how you think about various options and scenarios of succession planning.

Options are explored with the view to agreeing the preferred scenario going forward. The primary focus is about accommodating the non-negotiables / must-haves that were identified in the gathering information step.

This section includes:

- costing out the needs of the stakeholders
- developing and testing several options including the 'what if's'
- determining feasibility of options
- using professional advice and expertise
- exploring business expansion or consolidation strategies.

This is a step best done collaboratively with family and professionals where possible rather than in isolation. This does not necessarily mean involving all stakeholders, which might be quite unwieldy and counterproductive, but certainly should include the key players.

2015	2013	Top Business objectives
1	2	Product and service quality
2	1	Cash flow
3	6	Net profit
4	8	Sales growth
5	5	Productivity

Source: KPMG Family Business Survey (2015)

2015	2013	Top Business objectives
①	①	Financial security for the family
②	②	Personal challenge, satisfaction and rewards
③	n/a	Quality for life outside of work
④	③	Quality of life at work
⑤	⑥	Family cohesiveness, supportiveness and loyalty

Source: KPMG Family Business Survey (2015)

Data from the KPMG Family Business Survey (2015) shows strong alignment between both survey years re. the top business objectives and the top family objectives.

These factors need to be taken into account in the development of the succession plan. It is also paramount to take into account the aging factors involved in agribusiness and the need for timely and effective succession.



## Develop and test options

<b>Cost out the needs/aspirations of each stakeholder</b>
<b>Compare with the financial asset review outcomes</b>
<b>Review the strategic plan to understand the investment required to deliver against the succession requirements</b>
<b>Consider estate planning separately as a way of making fair the returns for all stakeholders</b>
<p><b>Explore the 'What If's' of asset transfers.</b></p> <ul style="list-style-type: none"> <li>• what if there is divorce? – of the parents, the child successor, the off-farm child</li> <li>• what if the children pre-decease the parents or become incapacitated? Where do the assets go then? To the parents? To the partner? To the children?</li> <li>• what if the successor wants to sell? Can the successor sell? In what circumstances/timeframe?</li> <li>• what if the successor goes broke? In what timeframe?</li> <li>• what if assets, identified for the non-farming child, are lost or decrease in value?</li> <li>• what if the farming enterprise decreases/increases significantly in value? Do we assume the average asset values over a period of five or so years when determining the apportioning of assets/value?</li> <li>• what if there is family discord or disagreement after the options have been agreed? Have you defined a disputes resolution process?</li> <li>• has any unpaid/underpaid work of the on-farm successor/child been recognised?</li> </ul>
<b>How many families can the business support?</b>
<p><b>Do wealth and expansion activities need to occur?</b></p> <ul style="list-style-type: none"> <li>• How can we build off-farm assets (superannuation, shares, insurance, real estate etc.)?</li> <li>• What are the timeframes required?</li> </ul>
<p><b>How is transfer of the asset/business to occur?</b></p> <ul style="list-style-type: none"> <li>• beneficiary</li> <li>• gift</li> <li>• purchase</li> <li>• lease</li> <li>• mix of the above</li> </ul>
<b>Identify the priorities / must-haves of succession</b>
<b>Develop more than one option - compare them against the must-haves</b>
<p><b>What are the tax implications (including Capital Gains Tax) for each of the options?</b></p> <ul style="list-style-type: none"> <li>• Do these alter with changing timeframes?</li> </ul>

## A. Cost out stakeholder needs

### About Retirement

How much is enough?

The following information is provided to highlight the minimum financial support required in retirement. In order to plan the requirements of the retiring owner, it is crucial to understand what their financial requirements are as this will inform some of the wealth accumulation strategies in the business plan.

How much extra money you contribute to your super depends on what you'll need to live off once you retire. The amount of super you need depends on:

- How long you live
- What type of lifestyle you want
- Future medical costs

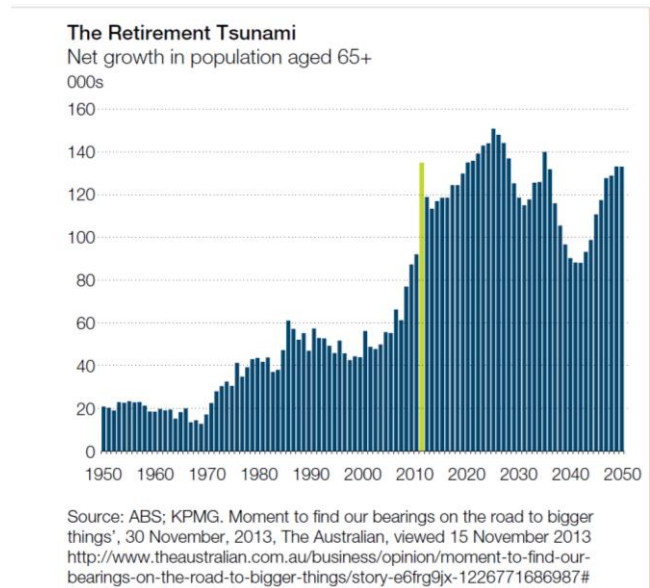
The table below provides a rough idea of how much money you need to support a modest or comfortable retirement. It applies for people retiring at age 65 who will live to an average life expectancy of about 85. It assumes you own your home.

ASFA Retirement Standard	Annual living costs	Weekly living costs
Couple - modest	\$34,560	\$663
Couple - Comfortable	\$59,619	\$1,143
Single - Modest	\$23,996	\$460
Single - Comfortable	\$43,372	\$832

Another way to estimate how much money you will need in retirement is to assume you need 67% (two-thirds) of the income you have when you retire in order to maintain the same standard of living after retirement. This estimate is only suitable for above average income earners.

ASFA estimates the lump sum (in today's terms) needed to support a comfortable lifestyle for a couple is \$640,000 (or \$545,000 for a single person) assuming a partial Age Pension. ASFA also estimates that because a modest lifestyle is mostly met by the Age Pension the lump sum required to support it for a couple is \$35,000 (\$50,000 for a single person). Source: ASFA Retirement Standard, September Quarter 2016.

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## B. Develop and test several options

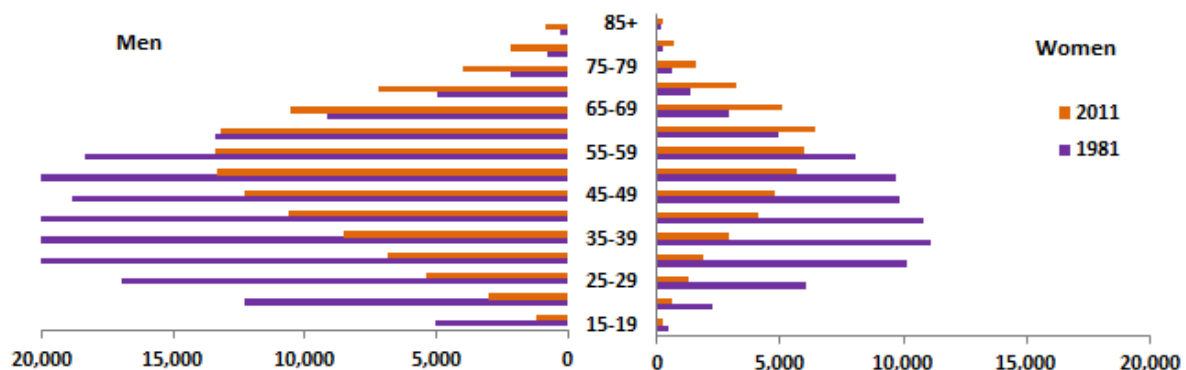
There are many available analysis tools. Many of you will have used a SWOT analysis on your business. If this is one of your preferred tools, you can rinse the options through it to determine the risks and the gaps of each option. See the appendix 2 for a refresher on how to use it.

A 'force field analysis' is also a simple tool that helps with the initial sorting of data. See appendix 2 for how to use this tool and for an interactive template.

### Do you intend to be working 12 years longer than the average?

The average age of farmers is 12 years older than the average age of those working in other businesses and farmers are five times more likely than the average person to be working over the age of 65. In 2011, almost a quarter of farmers were aged 65 years and over. Almost half were aged 55 years and over.

The two graphs and the commentary below demonstrate the extent of the issue. Note the increase in 65+ age groups in the retirement tsunami graph



AGE PROFILES OF FARMERS - 1981 AND 2011

Source: ABS Census of Population and Housing

With a large number of farmer baby boomers set to retire in the next five to ten years, succession planning should be addressed sooner rather than later.

In our experience succession plans that are implemented before the younger generation turns 30 have a much higher chance of success. So get started—the sooner the better!

Further information Michael Ryan: [www.boothassociates.com.au](http://www.boothassociates.com.au)

<http://www.boothassociates.com.au/images/stories/Newsletter/IREC/Succession-planning%20IREC%20FN%20187.pdf>

**Activity: Force field analysis**

Goal: Enter goal

Driving forces	Score	Score	Restraining forces

Source :DAFWA website improvement toolbox 2017

**Additional information to be considered**

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### **C. Seek professional advice**

Engaging professionals early in your plan can reap dividends later on. Succession is best led by a professional. It is important that the chosen professional should have the ability:

- to work cooperatively with other professionals;
- to be supportive without losing objectivity or impartiality;
- to know their stuff;
- to understand the people components of succession and to treat these with sensitivity; and;
- to always keep the big picture in sight.

When choosing someone to facilitate this process, treat it like an interview. Gather information about:

- their experience with succession;
- how long they have had skin in the game;
- how well they manage conflict and disagreement;
- their understanding of and experience working with businesses like yours.

Be sure to:

- undertake referee checks;
- ask others what they were good at, what they could improve;

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## Using advice

Below are key advice givers for succession and a summary of their expertise and relevance

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### Accountant

- Costings
- Feasibility of options
- Asset review
- Financial review
- Tax implications

### Financial advisor

- Strategies for divestment
- Strategies for building wealth including superannuation, shares, trusts etc
- Tax advantages, strategic asset transfers, gifting
- Advice

### Legal

- Family agreements
- Land transfers and sales
- Sunset clauses
- Will and estate planning
- Power of attorney
- Guardianship
- Advanced health directives

### Succession facilitator

- Family meetings
- Coordination of 'option' development
- Mediation between stakeholders
- Brokering the plan to reach agreement

### Financial counsellor

- Review of business viability
- Restructure of business processes to increase profit/reduce debt
- Negotiate with creditors on behalf of owners.
- Develop exit strategy if business not viable

### Farm advisor

- Forward planning
- Support for successor

### Other

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### How well do we use professional advisers?

Not well at all! according to Gamble and Blunden (Talking Agribusiness- use experts for successful succession - GRDC update) Results of 154 farm succession surveys conducted in South Australia in 2002-2003 showed an over reliance on accountants

- the accountant was the sole advice sought by 86% of farmers
- only 37% used a solicitor
- 63% of family members had one on one discussions with their advisor or not at all.
- 37% met as a whole family with one adviser
- 2% met as a family with more than one adviser

Activity –Questions to ask professional advisers?

Brainstorm what types of questions to ask advisers?

## D. Agree to goals strategies and actions

### Checklist

	Yes / No
Have you captured all your stakeholders expectations and needs?	
Have you costed all the options?	
Have you assessed the risk of each option?	
Have you assessed your capability to implement the option? (Skills, resources, funds?)	
Does every stakeholder, understand the options and the consequences of each option considered?	
Do you have a process for establishing agreement on the proposed goals, strategies and actions?	
How will you communicate the agreed goals, strategies and actions?	

My notes:

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## Step 4: Build Your Plan

1. Milestones and timeframes
  - a. Actions and accountabilities
  - b. Agreed timeframes
  - c. Review Process
  
2. Maintaining momentum
  - a. Who is responsible for maintaining momentum?
    - i. Setting meetings
    - ii. Keeping agendas
    - iii. Linking with family members
    - iv. Linking with professionals

Adapted from 'Kotters 8 steps for managing change'.

Stage	When it's missing....	Needs	At this stage you should be ...
Pressures for change	<b>Nothing will happen</b>	Must exist	Thinking it through
Perceived need to change	<b>There will be a quick start that collapses</b>	A clear shared vision	Define what the change / event looks like and what needs to be done
Proposed new way	<b>False starts hit and miss efforts to initiate</b>	Actionable first steps	Talk about it
Try out	<b>Worry, apprehension and irritation</b>	Resources, capacity, clear action plan Leadership walks the walk and talks the talk	Have a clear action plan for what needs to be done.  Address the concerns of the people affected
Modify in light of experience	<b>Cynicism, disbelief, inertia</b>	Evaluation and improvements	Establish certainty It worked!
Consolidate and adapt change	<b>Go back to the old ways</b>	Reinforce the new way	Celebrating! Follow up way

## A. Succession plan

Upskilling the successor	Notes
<b>Is there a plan in place that identifies and actions</b>	
<ul style="list-style-type: none"> <li>• Is education required?</li> <li>• Are new skills required?</li> <li>• Is experience required?</li> </ul>	
<b>Are there opportunities for the successor to</b>	
<ul style="list-style-type: none"> <li>• be mentored by someone other than family?</li> <li>• join industry groups?</li> <li>• attend courses?</li> <li>• undertake new roles on the farm?</li> <li>• conduct trials on the farm?</li> <li>• make mistakes?</li> <li>• make decisions?</li> <li>• have an advisor?</li> </ul>	
<b>Is knowledge harvesting of the outgoing owners in place? Is there a program in place for</b>	
<ul style="list-style-type: none"> <li>• increasing levels of decision making and autonomy for the successor?</li> <li>• understanding the history and farming philosophy of the outgoing owners – eg. soil mapping, titles, generational improvements?</li> <li>• sharing lessons learned within the business?</li> </ul>	
<b>Business reviews</b>	
<ul style="list-style-type: none"> <li>• are the business strategies identified to support succession in place?</li> <li>• how often is the plan reviewed? By whom?</li> <li>• is flexibility built into the succession plan to reflect economic variabilities</li> <li>• changing circumstances</li> <li>• which professionals continue to be involved</li> </ul>	





Family relationships	Notes
<ul style="list-style-type: none"> <li>• Are activities occurring to ensure family relationships are maintained/ strengthened?</li> <li>• Are opportunities created to share concerns/uncertainties over the period of the succession planning process?</li> <li>a. are needs revisited/revised over the life of the plan – particularly if the lead time is greater than 10 years?</li> </ul>	
Business Structure	
<ul style="list-style-type: none"> <li>• Are roles and responsibilities clearly defined and agreed?</li> <li>• Are policies and procedures in place for key agribusiness activities?</li> <li>• Are remuneration practices clear</li> <li>• wage structure?</li> <li>• bonuses/dividends?</li> <li>• How are land and other assets owned</li> <li>• who manages this?</li> <li>• how is the income distributed?</li> <li>• what are the legal and tax implications of the succession plan?</li> <li>• Is there a snapshot/overview of the business at your fingertips?</li> <li>• Are financial support options researched – e.g. carer pensions, aged pension, disability pension</li> </ul>	

## B. Develop estate plan

Estate Planning	Notes
<p>What are the tax implications?</p> <p>Is the land held singly, jointly or as tenants in common?</p> <p>Is the land owned by a superannuation fund, a company or a trust?</p> <p>How are the farming non-land assets (equipment, livestock etc) held? Company, trust, leasehold?</p> <p>Are there sufficient off-farm assets that can be gifted to non-farming/non-successor children (shares, real estate, life insurance)?</p> <p>When will land be transferred? Separate to the transition of the business?</p> <p>If there are buy-out activities related to the successor, when do they need to be enacted – as part of the estate management/inheritance process or as part of the business succession?</p> <p>What elements of the estate will occur on death as part of the will?</p> <p>What if the owner becomes incapacitated before the succession is enacted?</p> <p>Have considerations been given to the blended family</p> <p>Do testamentary trusts need to be established for tax purposes, wealth protection or protection of specific needs (disability)?</p> <p>Have you made a binding nomination for superannuation?</p> <p>Are gifts and loans made clear?</p> <p>Are the necessary safeguards in place?</p> <ul style="list-style-type: none"> <li>• will, enduring power of attorney, guardianship order, advanced health directive, family deed of arrangement</li> </ul> <p>Is the business structure right?</p>	



### **Did you know?**

Following is some brief information related primarily to estate planning strategies and business structure.

Additional information and links to resources can be found in the appendix.

### **Enduring Power of Attorney**

An 'Enduring Power of Attorney' is a legal document that:

- One person can make that gives another person the legal authority to make financial and property decisions, (but not personal, lifestyle or treatment decisions), on behalf of that person
- Is different to and entirely separate from a Will; and
- Can only be made by a person if that person has the legal capacity to make an Enduring Power of Attorney.

### **Will**

A Will is the legal document that describes how you wish your assets to be distributed upon your death. A Will also allows you to choose an Executor who will be responsible for making sure your wishes are met.

More than 50% of adult Australians do not have a valid Will. The Public Trustee actively encourages every West Australian over the age of 18 to have a current and valid will.

Source <http://www.publictrustee.wa.gov.au>

### **Advance Health Directive**

An Advance Health Directive (AHD) is a legal document that enables you to make decisions now about the treatment you would want - or not want - to receive if you ever became sick or injured and were incapable of communicating your wishes. In such circumstances, your AHD would effectively become your voice.

The term 'treatment' includes medical, surgical and dental treatments, including palliative care and life-sustaining measures.

An AHD would come into effect only if it applied to the treatment you required and only if you were unable to make reasoned judgements about a treatment decision at the time that the treatment was required.

Source – WA Government Office of the Public Advocate  
<http://www.publicadvocate.wa.gov.au>

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## **Enduring Power of Guardianship (EPG)**

An Enduring Power of Guardianship is a legal document that authorises a person of your choice, to make important personal, lifestyle and treatment decisions on your behalf should you ever become incapable of making such decisions yourself. This person is known as an enduring guardian.

An enduring guardian could be authorised to make decisions about things such as where you live, the support services you have access to and the treatment you receive.

An enduring guardian cannot be authorised to make property or financial decisions on your behalf.

To make an Enduring Power of Guardianship you must:

- be 18 years of age or older
- have full legal capacity (this means you must be able to make a formal agreement and understand the implications of statements contained in that agreement).

Source – WA Government Office of the Public Advocate

## **Debt management**

Why is managing your debt so important?

It is a top priority for most Australians to own their own home - or in farmers' case, both land and a house. Debt however can also be used in different ways to assist with wealth creation, retirement planning, business start-ups and growth and to help you move capital purchases to an expense purchase through leasing and hire arrangements.

Effective planning around why and how you establish loans can be the difference between managing your debt or your debt managing you.

Further related information can be found in the appendix including:

- Home loans
- Investment loans
- Personal risk
- Retirement planning
- Superannuation
- Wealth creation



### C. Structuring your business

Choosing the correct structure for your business can greatly improve the process of succession. The following information on business structures is sourced from the Australian Government Business portal, [www.business.gov.au](http://www.business.gov.au):

Growing wealth through a business can deliver many benefits to an owner or investors but even the most profitable company will not deliver those returns if structures are not in place to manage them.

The right structure is essential to maximising return, optimising and managing tax obligations, having cash at the right time and in the right quantities. Small and medium enterprises owners need to manage cash, profit and meet their obligations and the aspirations of their owners.

If you're thinking of starting a new business, or changing your existing structure, you'll need to look at the advantages and disadvantages of each different business structure and work out which structure best suits your needs. These are found in the appendix.

#### Types of Business Structures

The most common types of business structures in Australia are:

1. Sole trader
2. Company
3. Partnership
4. Trust

It is important to seek advice from a professional business adviser, a lawyer or an accountant before deciding which business structure to use.

Don't forget to ask about potential consequences for employing each structure on tax payable and access to social welfare payments for all parties. The structure you use will have an impact.

##### 1. Sole Trader

A sole trader business structure is a person trading as the individual legally responsible for all aspects of the business. This includes any debts and losses, which can't be shared with others. This is the simplest, and most relatively inexpensive business structure that you can choose when starting a business in Australia. As a sole trader, you'll generally make all the decisions about starting and running your business, although you can employ people to help you.

##### 2. Company

You may consider a company structure when starting or growing your business.

A company is a separate legal entity, unlike a sole trader or a partnership structure. This means the company has the same rights as a natural person and can incur

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debt, sue and be sued. The company's owners (the shareholders) can limit their personal liability and are generally not liable for company debts.

A company is a complex business structure, with higher set-up and administrative costs because of additional reporting requirements.

### 3. Partnership

A partnership is a business structure that involves a number of people who carry on a business together. You may choose a partnership over a sole trader structure for example, if you'll be jointly running the business with another person or a number of people (up to 20). There are two types of partnerships - general and limited.

Partnerships are governed by the relevant law depending on your state or territory.

### 4. Trust

A trust is an obligation imposed on a person - a trustee - to hold property or assets (such as business assets) for the benefit of others, known as beneficiaries.

## D. Formalise agreements

Formal agreements are the outcomes of discussion, planning and consensus and are intended to reduce the risk of decisions being challenged on the death of the will owner.

A formal agreement occurs before succession and once the preferred option has been agreed. The agreement must be specific in all aspects and identify all interested parties, the length that the agreement is to run, define the bequests, gift, loans, buy and sell options, restrictions and limitations, contingency plans and the specifics of asset allocation.

The agreement must be signed by all parties and witnesses. These can be drawn up by the family, a professional or legal representative. It is wise to have legal input into this process. A deed of family arrangement can also be established:

- **before the death** of the Will holder and will set out the entitlements for each stakeholder and all parties must sign
- **after the death** of the Will holder when there is agreement from beneficiaries and the executor to distribute their benefits in a way other than was defined in the Will and all signatories must be 18 years of age or older.

Note: it is important to seek legal input into these arrangements.

Without a formal agreement, the risks to succession are significant including:

- loss of assets
- time, money and angst spent on legal challenges
- loss of contingency plans with the **4 D's**

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- the process is stalled or even fails
- family relationships are damaged irretrievably

The following items can form part of a formal agreement or family deed of arrangement

- Business structures
- Transitioning inheritance
- Buy/sell arrangements
- Sunsets clauses
- Dates for payments, transfers etc
- Land transfers
- Asset allocation
- Cooling off period
- Review mechanisms
- Disputes process

Formal agreements need to be agreed and signed by all parties. If succession planning is managed well, there should be no surprises in their content as options will have been openly discussed prior to the agreement being developed.

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## Regular review of the plan

For the succession plan to remain a living, breathing, relevant goal, it needs to be reviewed regularly. More importantly, it needs to be integrated into your day-to-day business planning and as such forms part of the annual review of your business or strategic plan.

If the succession plan has only a short time to run, or has been implemented as a result of one of the D's (death, disability, divorce and disharmony) where forward planning has not been possible more regular review is advisable.

Key components of the review will include:

- a) Are the targets being met?
  - Land acquisition, wealth creation, growth in asset portfolios..
  - What needs to change in the plan?
  - Financial indicators – has anything changed, need to change?
  - Does succession remain a viable option?
  - Do exit strategies need to be considered?
- b) Are the people strategies on track?
  - Is the successor development plan in place?
  - Have further development opportunities become available?
  - Is there continuing commitment to succession?





## **Succession planning: a business strategy**

### **Workbook - Your business case study**

<b>Our Business At A Glance</b>					
Entity Type	Registered Business/ Company Name	ABN/ACN	Director(s)/ Shareholder(s)	Commenced/ Expiry	Assets
Sole Trader					
Partnership					
Company					
Trust					

<b>Owned Property (including any off-farm)</b>					
Land / Property name(s)	Owner (Business Entity name)	Size (Ha)	Date Acquired	Title Numbers	Location of Title Deeds



<b>Owned property leased to others</b>					
Land / Property name(s)	Size (Ha)	Title Numbers	Leased to (Business Entity name)	Lease Expiry Date	Terms of Lease

<b>Leased property</b>					
Land / Property name(s)	Size (Ha)	Title Numbers	Leased from (Business Entity name)	Lease Expiry Date	Terms of Lease

<b>Owned Plant, equipment, livestock</b>		
Description	Owned by (Business Entity name)	Purchase date
<b>Leased Plant, equipment, livestock</b>		

Description	Leased by (Business Entity name)	Leased from (Business Entity name)	Lease Expiry Date	Terms of Lease

Bank assets and loans				
	Institution	Account / Loan name	Signatories	Guarantors
Bank Accounts				
Loans				



<b>Superannuation</b>		
Fund / Company Name	Type	Beneficiaries

<b>Life Insurance</b>			
Individual	Fund / Company Name	Policy Number	Beneficiaries

<b>Share Portfolio</b>				
Shares Held	Owned by (Business entity or individual)	Number	Share Type	Purchase Date

<b>Wills</b>			
Individual	Executor(s)	Location of Will	Last Reviewed

<b>Power of Attorney</b>			
Individual	Power of Attorney held by	Date Commenced	Last Reviewed

<b>Guardianship(s)</b>		
Individual	Guardians Name	Relationship

<b>Advanced Health Directives (AHD)</b>		
Individual	Location of Advanced Health Directives	Last Reviewed



Write your own case study

Use a  for males and a  for females

1. Start with your parents at the top
2. Add their children and their partners, including you, in the next line
3. Add the third generation beneath

It is unlikely that you will need to show more than three generations if you are a farming enterprise.

If you are a manufacturing business or value adder you may need to do a more conventional organisational chart starting with the CEO. Highlight critical positions or critical processes as you complete the chart.

1. Note the ages next to each person
2. Note the occupations and where these occur



Complete your family tree here







Your business vision

--

<b>Goal</b>
<b>Strategy</b>
<b>S1</b>
<b>S2</b>
<b>Action</b>
<b>A1</b>
<b>A2</b>
<b>A3</b>

**Stakeholders/interested parties**

List the stakeholders / interested parties below


**Stakeholder expectations and needs**

For each person list their expectations about succession and note their needs. The following is an example.

Name of person	Age today
<b>Expectations</b>	<b>Needs</b>



Name of person	Age today
<b>Expectations</b>	<b>Needs</b>
<b>Expectations 5 years forward</b>	
<b>Expectations 15 years forward</b>	

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**Record the not negotiables or ‘must-haves’**

These are the outcomes of identifying each stakeholder and understanding their needs. It is the bottom line of what succession must accommodate.

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**Record the family communication principles**

This includes how often you will meet, who is part of the meetings, how the meeting will be run and recorded, how you will behave in and between meeting, how decisions will be made, how disagreement will be managed etc

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**Action Plan**

Task	By who	By when	Outcome
E.g. Find a time that suits everyone and book the first family meeting	Joan	July 12	Meeting booked for Aug 2nd 2-4pm at Joans. All
e.g. Organise power of attorney and guardianship for Joan and Eric	Joan	July 12	Appt made for 0930 Wed July16th Narrogin





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## Appendix 2

### Resource materials

This includes:

- Forcefield analysis instructions and template
- SMARTT goals
- Click card information from previous workshops
- SWOT analysis
- Extended information on business structure
- Effective meetings – example agenda and minutes template
- Succession planning template

### Tools

#### SWOT

Identify a big ticket item and SWOT using the PESTEL elements

<b>Strengths</b>	<b>Weakness</b>
Political .....	Political .....
Economic .....	Economic .....
Societal .....	Societal .....
Technological .....	Technological .....
Environmental .....	Environmental .....
Legal .....	Legal .....
<b>Opportunities</b>	<b>Threats</b>
Political .....	Political .....
Economic .....	Economic .....
Societal .....	Societal .....
Technological .....	Technological .....
Environmental .....	Environmental .....
Legal .....	Legal .....

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## Understanding and connecting with others

The following article was written by David Koutsoukis, co-author of the book, 'Why you click with some people and others drive you crazy!'

David is a director of Click! Colours International — a company that shows you how to build relationships quickly, by understanding what makes people tick.

Do you find there are some people you get along with straight away? Are there others you find very frustrating or annoying? And have you ever wondered why you 'click' with some people and others drive you crazy? Read on and find out why.

Most people would agree that good relationships create the foundation for success, but how do we build relationships with people we don't seem to get along with? In the words of Stephen Covey, we need to: 'Seek first to understand, then to be understood'.





Human behaviour is very complex but in simple terms psychologists have been able to identify patterns of behaviour. Recognising these patterns helps us to understand what makes people 'tick', and what we need to do to communicate effectively with them.

These patterns can be represented as four colourful characters that guide our behaviour — a bit like the devil and angel on each shoulder that 'whisper' in our ear. One or two of these characters 'shine' more brightly than the others and becomes our dominant sub-personality. You 'click' with people like you, and those who are not can drive you crazy! Knowledge of these characters within yourself and others will help you understand what makes them 'tick'.

Human behaviour is, of course, much more complex than four colourful characters, but the Click! Colours™ are a great start to help you build relationships and boost success by understanding people who are not like you.



Are the people in your business 'analysers' (blue), 'players' (yellow), 'safekeepers' (green) or 'carers' (red)? Figure 6 shows you how best to match your communication style with each type. Figure 7 shows you how to interpret yourself and others. Develop the habit and skill of checking on your perceptions of others, and on how you come across to them.





Left brain	Right brain
<p><b>BLUE</b> <b>Analysers</b></p>  <p>✓ Explain the logic behind your words and actions, and back it up with data if needed.</p> <p><b>BE LOGICAL</b></p>	<p><b>YELLOW</b> <b>Players</b></p>  <p>✓ Make it fun, exciting and energetic for them.</p> <p><b>MAKE IT FUN</b></p>
<p><b>GREEN</b> <b>Safekeepers</b></p>  <p>✓ Be clear, organised and punctual, and take into account possible risks.</p> <p><b>BE ORGANISED</b></p>	<p><b>RED</b> <b>Carers</b></p>  <p>✓ Be friendly and genuine, express your feelings, and show empathy for others.</p> <p><b>SHOW EMPATHY</b></p>

Four Click! Colours™ characters or sub-personalities that make up every individual

Figure 15 Four Click! Colours ... working with characters or sub-personalities that make up every individual  
(Source: www.clickcolours.net)

	BLUE	YELLOW	RED	GREEN
<p><b>BLUE</b> Linking with</p> 	<ul style="list-style-type: none"> <li>• Use your natural style.</li> <li>• Don't let egos clash.</li> <li>• Be prepared for a tough contest to win them to your side.</li> </ul>	<ul style="list-style-type: none"> <li>• Be open and friendly.</li> <li>• Take time to socialise.</li> <li>• Show personal benefits and recognition to persuade.</li> </ul>	<ul style="list-style-type: none"> <li>• Slow down — give support and assurances.</li> <li>• Don't stress variables or alternatives.</li> <li>• To bring communication to a conclusion, make the decision easy and provide reassurance for that decision.</li> </ul>	<ul style="list-style-type: none"> <li>• Answer questions.</li> <li>• Provide more facts than you may want to.</li> <li>• Encourage evaluation.</li> <li>• Be patient.</li> <li>• To close, be firm, polite, and decisive after presenting facts and allowing adequate evaluation time.</li> </ul>
<p><b>YELLOW</b> Linking with</p> 	<ul style="list-style-type: none"> <li>• Be formal and to the point.</li> <li>• Keep your distance; no touching.</li> <li>• Don't joke or waste time.</li> <li>• Let them feel important.</li> <li>• Avoid being apologetic.</li> <li>• Don't bluff answers.</li> <li>• Don't feel rejected by their possible</li> </ul>	<ul style="list-style-type: none"> <li>• Don't compete for recognition.</li> <li>• Stick to business.</li> <li>• Be sure to focus on a commitment to action.</li> <li>• Get the details agreed and action planned.</li> </ul>	<ul style="list-style-type: none"> <li>• Earn their trust.</li> <li>• Don't overly socialise.</li> <li>• Give plenty of support material.</li> <li>• Give assurances and testimonials.</li> <li>• Be polite and reassuring.</li> </ul>	<ul style="list-style-type: none"> <li>• Be factual; give more facts than you like.</li> <li>• Don't try to impress them with your importance.</li> <li>• Don't touch; keep your distance.</li> <li>• To persuade this personality type, be direct and confident after all questions are answered.</li> </ul>



	BLUE	YELLOW	RED	GREEN
<p><b>RED</b> Linking with</p> 	<ul style="list-style-type: none"> <li>• Be yourself, but be confident.</li> <li>• Recognise and accept their assertive style.</li> <li>• Be confident and get to the point sooner and more forcefully than you feel comfortable with.</li> </ul>	<ul style="list-style-type: none"> <li>• Accept their openness and friendliness.</li> <li>• Be friendly but don't let them waste a lot of your time.</li> <li>• Don't bog them down with details.</li> <li>• Conclude by appealing to the personal ego — do it more quickly than you like to.</li> </ul>	<ul style="list-style-type: none"> <li>• Will relate well with other Reds.</li> <li>• Be assuring with them, but also confident and assertive.</li> <li>• Don't wait for them to be totally comfortable to press for decision — just provide assurances that it is the right one.</li> </ul>	<ul style="list-style-type: none"> <li>• Answer questions confidently.</li> <li>• Give the facts they want.</li> <li>• Refuse to let their perpetual scepticism discourage you.</li> </ul>
<p><b>GREEN</b> Linking with</p> 	<ul style="list-style-type: none"> <li>• Don't try to be impressive with excessive facts and figures; give bottom-line answers.</li> <li>• Concentrate on high points.</li> <li>• Get excited about new ideas.</li> <li>• Appeal to the individual's ego, not on the merits of proposal, product, or service.</li> </ul>	<ul style="list-style-type: none"> <li>• Try to be friendly and fun.</li> <li>• Be excited about new ideas.</li> <li>• Sell to the person, not the features.</li> <li>• Don't bog them down with details.</li> <li>• Close before you feel all the necessary facts are disclosed.</li> </ul>	<ul style="list-style-type: none"> <li>• Be friendly; earn their trust.</li> <li>• Slow down on the facts; allow them to digest them.</li> <li>• Avoid getting too detailed.</li> <li>• Conclude with assurances.</li> </ul>	<ul style="list-style-type: none"> <li>• Keep control.</li> <li>• Be friendly.</li> <li>• Present both sides.</li> <li>• Close earlier than you feel comfortable doing.</li> </ul>

## Developing goals

The purpose of a goal is to inform your strategies and actions. A goal is a broad, long-term aim that will accomplish your vision. Your goals should be SMART(10).

**Specific:** The goal must be specific rather than general. Your goal must tell your team what is expected, describe its importance, indicate what will be happening and who will be involved. When trying to be specific you should be able to answer:

- What do I want to accomplish?
- Why we need to do this? What are the benefits or purpose of the goal?
- Who is involved? Where will it be — what location?
- What are the requirements and constraints?

**Measurable:** You must be able to measure the progress you make towards the goal. This is intended to keep you and your team on track. A measurable goal will usually answer questions such as:

- How much?
- How many?
- How will I know when it is accomplished?

**Attainable:** A goal should stretch you and your team but it should still be obtainable with effort. When you document the goals that are most important to you, you begin to find ways you can make them come true.

The key question is: How can this goal be accomplished?

**Relevant:** Your goal should be something you are willing and able to work towards. You need to believe that it can be accomplished.

The key question is: 'Does this seem worthwhile?'

**Time-bound:** By committing to a deadline you will focus on the completion of your goal on or before the due date. This allows you to prioritise while still managing day-to-day problems. This will also create a sense of urgency. The key questions are:

- When?
- What can I do today or in six weeks or in six months?

**Targeted:** The goal should describe the magnitude of change that will be achieved. Your target may be recorded as a percentage increase in profitability, productivity, quality of the product or sales.

## SMARTT goals

Goals are an important part of business improvement. Having SMARTT goals makes it easier to stay on track to success and keep motivated. SMARTT stands for: specific, measurable, achievable, relevant, targeted and time framed.

The best way to understand SMARTT goals is to see examples of SMARTT and un-SMARTT goals. Here are two examples.

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### Example one

**Un-SMARTT goal:** Make more money from our farm.

**SMARTT goal:** Increase the gross margin (\$/ha) of our canola crop by an average of 5% per year across all land types within three years.

So why is the second goal SMARTT?

It is **specific**: the goal applies to the canola operations, not other crops. It also applies to all land types that canola is grown on.

It is **measurable**: the gross margin can be calculated.

It is **achievable**: the scale of improvement is reasonable.

It is **relevant**: increasing margins contributes to improving profit.

It is **targeted**: a 5% increase is the target.

It is **timeframes**: the increase is to be achieved within three years.

### Example two

Here is another example of an un-SMARTT goal made SMARTT.

**Un-SMARTT goal:** Buy less feed.

**SMARTT goal:** Within one year, reduce feed costs by reducing the amount of hay fed to breeders by at least 100 tonnes by shifting the time of calving to start one month later.

### The advantages of having SMARTT goals

Agriculture and food manufacturing business managers who have SMARTT goals say they are useful for several reasons. They say they know exactly what they are aiming for, when they should achieve their targets, and how they will measure whether they have been successful.

If you are working with other people, having a SMARTT goal makes it is easier to ensure everyone is clear about the goal and to stay on track to achieving it.

Having SMARTT goals means it is easier to develop strategies and action plans.

Situations change and goals may need to change too, so they should be reviewed regularly

Source -Department of Agriculture and Food Western Australia-Business Improvement-toolbox

Worksheet: SMARTT goal

Draft goal: Enter draft goal

**SMARTT worksheet – specific, measurable, achievable, relevant, targeted, time framed**

<b>Part of goal</b>	<b>Your part of goal</b>
<b>Specific</b> Be clear about exactly what is going to be achieved.	Enter specific part
<b>Measurable</b> How will you assess whether the goal has been achieved?	Enter measurable part
<b>Achievable</b> Check that the goal is realistic, even though it may be challenging.	Enter achievable part
<b>Relevant</b> Is the goal directly related to a need, problem or opportunity?	Enter relevant part
<b>Targeted</b> This is the level of performance you are aiming for.	Enter targeted part
<b>Timeframed</b> When will the goal be achieved by?	Enter timeframed part

**Use the notes above to rewrite your draft goal into a SMARTT goal:** Enter SMARTT goal





Improvement tools: Force field analysis

When working towards a goal there are often things that help us and other things that work against us. Force field analysis looks at ways to manage these helpful and unhelpful effects.

The tool can be used in two ways. To work out ways to reduce the forces that hold us back, or to strengthen the forces that help us achieve our goal.

It can also be used to decide whether we should implement a goal at all. If the restraining forces far outweigh the driving forces, it may be best to forget about the goal

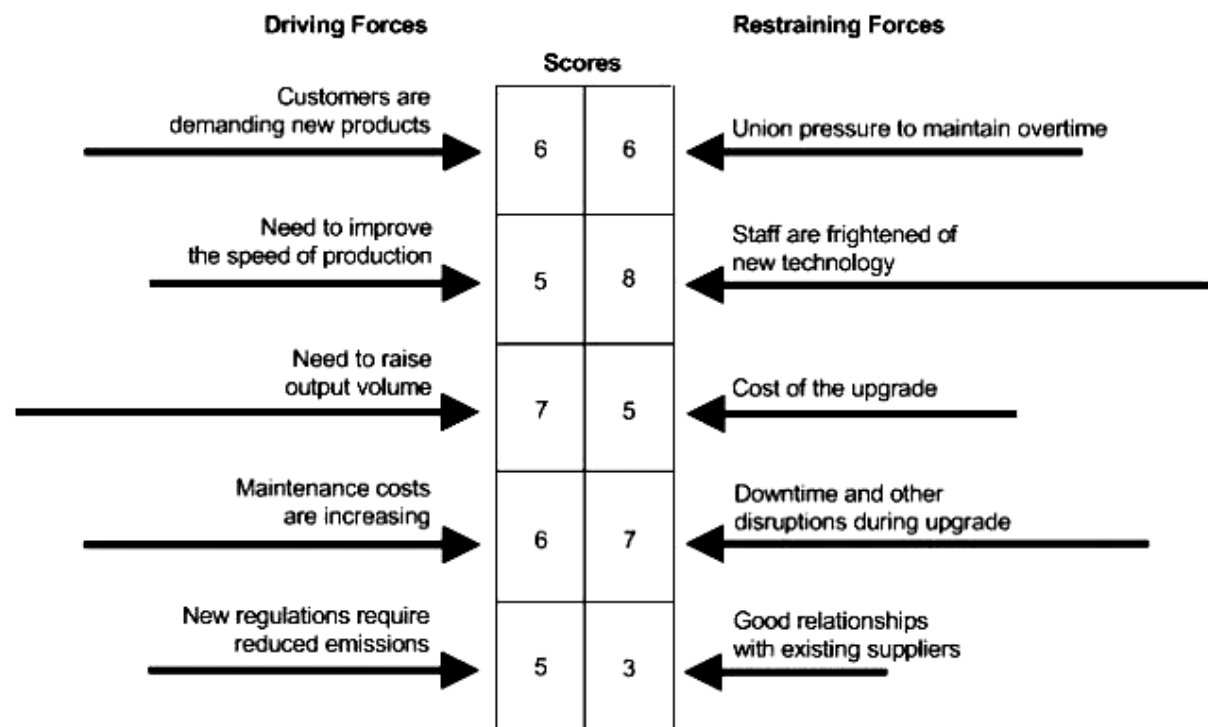
The best way to understand Force field analysis is to go through the steps for using the tool as you look at an example. Figure 1 is an example of a Force field analysis for a manufacturing business.

### Steps for using the tool

1. Draw up a scorecard like in Figure 1, or use the worksheet in the 'Documents' section on the far right
2. Write the goal at the top.
3. Think about the forces that will help the goal to be achieved. These are the driving forces.
4. Write the driving forces on the left side of the scorecard, like in Figure 1.
5. Think about the forces that will work against the goal being achieved. These are the restraining forces.
6. Write the restraining forces on the right side of the scorecard.
7. Score the strength of each of the forces from 1 to 10, for example, 1= weak, 5 = medium, 10 = strong. Put the scores in the boxes beside the forces. A high score for a restraining force means the force could make it very difficult to achieve the goal. A high score for a driving force means the force will make it much easier to achieve the goal.
8. You can draw arrows under the forces to show the strengths. A strong force will have a long arrow, while a weak force will have a short arrow.
9. Work out which are the highest priority forces to work on. This could mean strengthening driving forces or reducing restraining forces. The person who invented Force field analysis, Kurt Lewin, said it was better to reduce restraining forces, not just strengthen driving forces.
10. Develop action plans to manage the high priority forces.

A Force Field Analysis of the driving and restraining forces associated with the goal of upgrading a factory process.

**Goal:** Upgrade the factory with a new manufacturing process to improve performance.



Source- Department of Agriculture and Food Western Australia-Business Improvement-toolbox.



**Force field analysis**

**Goal:** Enter goal

Driving forces	Score	Score	Restraining forces
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force
Enter driving force.	Enter score	Enter score	Enter restraining force

Strategies for managing the highest priority forces: Enter strategies

## Structuring your business

### Types of Business Structures

The most common types of business structures in Australia are:

- Sole trader
- Company
- Partnership
- Trust

Before deciding which business structure to use, it's important you seek advice from a professional business adviser, a lawyer or an accountant.

### Key aspects of a Sole Trader

- is simple to set up and operate.
- gives you full control of your assets and business decisions.
- requires fewer reporting requirements and is generally a low-cost structure.
- allows you to use your individual tax file number (tfn) to lodge tax returns.
- has unlimited liability - all your personal assets are at risk if things go wrong. your assets can be seized to recover a debt.
- any losses incurred by your business activities may be offset against other income earned (such as your investment income or wages). subject to certain conditions.
- doesn't require a separate business bank account, unlike a company structure. you can use your personal bank account but must keep financial records for at least 5 years.
- as the business owner, you're not considered an 'employee' of the business. you should pay yourself, which is usually a distribution of your profit, but this is not considered 'wages' for tax purposes.
- if you're a business owner without employees, there's no obligation to pay payroll tax, superannuation contributions or workers' compensation insurance on income you draw from the business. you can choose to make voluntary superannuation contributions to yourself though, to help you build up your superannuation.
- you can employ people to help you run your business. there are compulsory obligations that you must comply with, such as workers' compensation insurance and superannuation contributions.
- it's relatively easy to change your business structure if the business grows, or if you wish to wind things up and close your business.
- you can't split business profits or losses made with family members and you're personally liable to pay tax on all the income derived.



## Company

You may consider a company structure when starting or growing your business.

A company is a separate legal entity, unlike a sole trader or a partnership structure. This means the company has the same rights as a natural person and can incur debt, sue and be sued. The company's owners (the shareholders) can limit their personal liability and are generally not liable for company debts.

A company is a complex business structure, with higher set-up and administrative costs because of additional reporting requirements.

### Key aspects of a company structure

- is a separate legal entity.
- has limited liability compared to other structures.
- is a more complex business structure to start and run.
- involves higher set up and running costs than other structures.
- requires you to understand and comply with all obligations under the corporations act 2001.
- means that business operations are controlled by directors and owned by the shareholders.
- must be registered for goods and services tax (gst) if the annual gst turnover is \$75,000 or more. the registration threshold for non-profit organisations is \$150,000.
- means the money the business earns belongs to the company.
- requires an annual company tax return to be lodged with the ATO.

You need to register a company with the Australian Securities and Investments Commission (ASIC). Company officers and directors must comply with legal obligations under the Corporations Act 2001.

### Key aspects of a Partnership

- it's relatively easy and inexpensive to set up.
- it requires a separate tax file number (tfn).
- if you are carrying on an enterprise, you can apply for an Australian business number (ABN) but this is not compulsory.
- it's not a separate entity - like a sole trader, you and your business partners are personally liable for the debts of the business.
- you have shared control and management of the business with your partners.
- the partnership doesn't pay income tax on the income earned. you and each of your partners pay tax on the share of the net partnership income you each receive.
- requires a partnership tax return to be lodged with the Australian taxation office (ATO) each year.
- each partner is responsible for their own superannuation arrangements - you are not

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an employee of the partnership.

- you must be registered for GST if the annual income turnover is \$75,000 or more

Trust

A trust is an obligation imposed on a person - a trustee - to hold property or assets (such as business assets) for the benefit of others, known as beneficiaries.

### **Key aspects of a Trust**

- it can be expensive to set-up and operate.
- it requires a formal trust deed that outlines how the trust operates.
- the trustee is required to undertake formal yearly administrative tasks.
- if you operate your business as a trust, the trustee is legally responsible for its operations. A trustee of a trust can be a company, providing some asset protection.

Knowing the main features of a trust business structure may help you decide if this structure is best for your business.

Source Business.gov.au- Business structure-Plan and start your business Last Updated: 11 May 2017

## **Legal instruments**

### **Estate Planning**

**Enduring Power of Attorney** (WA government – office of the public advocate wa.gov.au)

An '**Enduring Power** of Attorney' is a legal document that:

- One person can make that gives another person the legal authority to make financial and property decisions, (but not personal, lifestyle or treatment decisions), on behalf of that person;
- Is different to and entirely separate from a Will; and
- Can only be made by a person if that person has the legal capacity to make an Enduring Power of Attorney.

A person may make an Enduring Power of Attorney that is either:

1. Effective immediately, and continues to be effective during any period in which that person does not have legal capacity, (called an 'Immediate Enduring Power of Attorney'); OR
2. Effective only during any period when a declaration by the State Administrative Tribunal that the person does not have legal capacity is in force (called a 'Dormant Enduring Power of Attorney').

Once a person has lost legal capacity, an Enduring Power of Attorney cannot be made or revoked by that person.

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You can obtain more information about Enduring Powers of Attorney (as well as information about Enduring Powers of Guardianship and Advance Health Directives) at the Office of the Public Advocate.

The Public Trustee will only accept instructions to prepare Enduring Powers of Attorney and accept appointments under Enduring Powers of Attorney in limited circumstances. If you require further information about appointing the Public Trustee by an Immediate Enduring Power of Attorney, please contact the Public Trustee's office on 1300 746 116

Last updated: 11-Feb-2016 <http://www.publictrustee.wa.gov.au/W/wills.aspx?uid=1915-0728-4235-5275>

### **Advance Health Directive**

(WA government – office of the public advocate [wa.gov.au](http://wa.gov.au))

An Advance Health Directive (AHD) is a legal document that enables you to make decisions now about the treatment you would want - or not want - to receive if you ever became sick or injured and were incapable of communicating your wishes. In such circumstances, your AHD would effectively become your voice.

The term 'treatment' includes medical, surgical and dental treatments, including palliative care and life-sustaining measures.

An AHD would come into effect only if it applied to the treatment you required and only if you were unable to make reasoned judgements about a treatment decision at the time that the treatment was required.

An Advance Health Directive sits at the top of the hierarchy of treatment decision-makers. (The hierarchy sets the order in which health professionals must seek treatment decisions when treating a person with a decision-making disability, as per Sections 110ZJ and 110ZD of the Guardianship and Administration Act 1990). This means that even if you had an enduring guardian, the health professional would be obliged to follow your wishes as outlined in your AHD, except in very limited circumstances.

Detailed information about Advance Health Directives can be found on the Department of Health's website - including a consumer's guide to Advance Health Directives.

### **Enduring Power of Guardianship (EPG)**

An Enduring Power of Guardianship is a legal document that authorises a person of your choice, to make important personal, lifestyle and treatment decisions on your behalf should you ever become incapable of making such decisions yourself. This person is known as an enduring guardian.

An enduring guardian could be authorised to make decisions about things such as where you live, the support services you have access to and the treatment you receive.

An enduring guardian can not be authorised to make property or financial decisions on your behalf.

To make an Enduring Power of Guardianship you must:

- be 18 years of age or older
- have full legal capacity (this means you must be able to make a formal agreement and understand the implications of statements contained in that agreement)

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The person you appoint as your enduring guardian must also be 18 years of age or older and have full legal capacity.

You can appoint more than one enduring guardian as joint enduring guardians, but they must act jointly which means they must reach agreement on any decisions they make on your behalf. If you plan to appoint more than one enduring guardian it is important you consider their ability to work together on your behalf.

The Public Advocate recommends you appoint no more than two joint enduring guardians.

Source – WA government – office of the public advocate



## Sample Agenda template

Agenda and Minutes for Family Meetings
--

Date:				
Time:				
Venue:				
Chairperson:				
Minute Taker:				
Attendees:				
Apologies:				
Item	Description	Time	Speaker	
1.	Acceptance of Minutes from previous meeting (once meetings have been established)	1 min		All
2.	Business arising from previous meeting (actions completed, actions deferred)	10 mins		All
3.	Any correspondence to hand.	10 mins	All	
4.	<p>Specific agenda items. If it's an <b>initial succession meeting</b> might include questions like your <b>thoughts about succession?</b></p> <ul style="list-style-type: none"> <li>• What thoughts do you have about succession?</li> <li>• Do you see yourself as having a continuing role or interest in the business?</li> <li>• What are you most concerned about?</li> <li>• How do you feel about succession?</li> <li>• Do you have a successor in mind?</li> <li>• Who will succession affect?</li> <li>• How will it affect you ?</li> <li>• What thoughts and aspirations do you have for</li> </ul> <p>the business?</p> <ul style="list-style-type: none"> <li>• Can we manage this ourselves?</li> </ul>	10 mins	All	

	<ul style="list-style-type: none"> <li>• What help will be useful?</li> <li>• Who needs to be involved in discussions and planning?</li> <li>• Are we looking at a particular time frame?</li> </ul>			
5.	<p>Ground rules for family communication - if it's a first family meeting.</p> <p>How will we agree to behave with each other through this process?</p> <p>Eg set rules and boundaries like</p> <ul style="list-style-type: none"> <li>• Listen to each other</li> <li>• Don't over talk each other</li> <li>• Talk about the issue or the role</li> <li>• Do not verbally attack or blame others</li> <li>• Its ok to disagree</li> <li>• Make decisions by consensus not weight of numbers</li> <li>• Always have an agenda to work through</li> </ul>			
6.	<p><b>Professional Involvement</b></p> <ul style="list-style-type: none"> <li>• What do we need assistance with?</li> <li>• How will we select them? -</li> <li>• What criteria/skills are we seeking</li> <li>• What's the word on the street for succession specialists?</li> <li>• What do I /we need to research?</li> </ul>			
7.	Review of agreed meeting outcomes and actions			
8.	General Business	5 mins	All	
9.				
10.	Meeting Close (and advise on next meeting)	2 mins	All	
<b>Next Meeting:</b>				
<b>Next Chairperson:</b>				
<b>Next Minute Taker:</b>				

<b>MINUTES</b>		
<b>Item</b>	<b>Description</b>	<b>Action</b>
1.	<b>Acceptance of Minutes from previous meeting</b> <b>Accepted:</b> <b>Seconded:</b>	
2.	<b>Business arising from previous meeting</b>	
3.		
4.		N/A
5.		
6.		
7.		
8.		
9.	<b>Next Meeting:</b> <b>Next Chairperson:</b> <b>Next Minute Taker:</b>	<b>Meeting Closed:</b>

Agenda and Minutes for Formal Meeting			
Date:			
Time:			
Venue:			
Chairperson:			
Minute Taker:			
Attendees:			
Apologies:			
Item	Description	Time	Speaker
1.	Welcome		chair
2.	Acceptance of Minutes from previous meeting Moved Seconded		
3.	Business arising from previous meeting (actions completed, actions deferred)		
4.	Review of agenda - anything to add/delete		
5.	Correspondence in/out Moved Accepted		
6.	Financial Report Moved Accepted		
7.	General Business 1.		
8.	Meeting Close (and advise on next meeting)		
<b>Next Meeting:</b>			
<b>Next Chairperson:</b>			
<b>Next Minute Taker:</b>			



<b>Minutes</b>		
<b>Item</b>	<b>Description</b>	<b>Action</b>
1.	Acceptance of Minutes from previous meeting Accepted: Seconded:	
2.	Business arising from previous meeting	
3.	Review of agenda - anything to be added/deleted	
4.	Correspondence in/out Moved Accepted	
5.	Financial Report Moved Accepted	
6.	General Business	
7.		
8.		
<b>Meeting Closed:</b>		
<b>Next Meeting:</b>		
<b>Next Chairperson:</b>		
<b>Next Minute Taker:</b>		

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## Succession plan template and guide

Source [business.gov.au](http://business.gov.au)

A good succession plan creates a smooth transition between old and new ownership and reduces disruptions to your business when you're away. The [business.gov.au](http://business.gov.au) Succession Plan template steps you through the process of creating a solid, well-structured plan tailored to your business.

New! Strengthen your succession plan with an emergency management and recovery plan, now available for download on your tablet. Visit [www.business.gov.au/apps](http://www.business.gov.au/apps) to download our MyBizShield tablet app now!

Copies of the latest version of this template and guide can be downloaded from [www.business.gov.au/plans](http://www.business.gov.au/plans).

If you need further information, assistance or referral about a business issue, please contact [business.gov.au](http://business.gov.au) on 13 28 46.

### How to use this template

Before you complete this Succession plan template and start using it, consider the following:

Use the [italicised text]. The italicised text is there to help guide you by providing some more detailed questions you may like to answer when preparing your response. Please note: If a question does not apply to your circumstances it can be ignored.

Use the succession plan guide. The succession plan guide below contains general advice on succession planning and a complete overview with details on each question asked in the succession plan template.

Get some help. If you aren't confident in completing the plan yourself, you can enlist the help of a professional (i.e. Business Enterprise Centre, business adviser or accountant) to look through your plan and provide you with advice.

Review. Review. Review. Ask a number of impartial people to proofread your final plan.

Print. Before you print a copy of your completed succession plan, ensure you delete the first section containing the guide as well as the [italicised text]. To print a copy, select the Printer icon on the toolbar, or select File then Print on the main menu.

### Succession plan guide

#### ***Succession planning***

Planning for the day you leave your business is a valuable investment. Whether you decide to sell up, retire or have to get out of business due to health reasons, it's important that you spend the time with your family and/or your business partners and plan what you are going to do. A succession or exit plan can help you outline what will happen and who will take over your business when you leave.

A good succession plan enables a smooth transition with less likelihood of disruption to operations. By planning your exit well in advance you can maximise the value of your business and enable it to meet future needs.

Succession planning: A business strategy



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Make sure your succession plan is attainable - set a realistic timetable and measurable milestones along the way and stick to them.

**What to do...**

Read our Selling or closing your business topic.

Check our Event Finder to see if there are any seminars about succession planning.

Contact your nearest Business Enterprise Centre for free advice and support.

Your industry association may be able to assist - search our directory for contact details.

Get professional advice from a business adviser, accountant or solicitor.

**Regular review**

As time passes your circumstances may change and having your succession plan up to date will ensure you are always ready in the event you need to leave earlier than anticipated.



## Template overview

The following template overview provides details on each question asked throughout the Succession plan template as well as links to further information. When you start answering a question in your succession plan, you can refer to the relevant question below to help guide your answer.

### Title page

Question/ Field	Explanation	More information
Insert business logo	Adding a logo gives a more professional image.	—
Your name	Enter the business owner's name. Enter multiple names if there are multiple owners.	—
Your title	The titles of the business owner(s) listed above, e.g. Owner/Manager.	—
Business name	Enter your business name as registered in your state/territory.	Visit our Register your business name page.
Main business address	Enter your main business address. This can be your home address if you are a home-based business or your head office if you have more than one location.	—
ABN	Enter your Australian Business Number. If you are a business and have registered for an ABN enter it here.	Visit our Register for an Australian Business Number (ABN) page.
ACN	Enter your Australian Company Number. Only fill this in if you are a company.	Visit our Register your company page.
Prepared	The date you finished preparing your Succession plan.	—
Table of Contents	If you have changed this template in any way, please remember to update the table of contents to reflect the changes.	—

## The succession

### Business & succession details

Question/Field	Explanation	More information
Business name	Enter your business name as registered in your state/territory.	Visit our Register your business name page.
Business structure	Is your business a sole trader, partnership, trust or company?	Visit our Which business structure should I choose? page.
Current owner(s) covered	Who is covered by this succession plan? Does this apply to all partners?	—
Planned succession type	Detail the type of succession you have planned? Will you be completely removed from the business or only partially? If it is a partial succession, what will be your future involvement in the business?	—
Successor details	Who will take over as successor - a family member, business partner or other? How and when will you communicate this to the organisation? Do you have an alternative successor in mind if the chosen successor is unavailable?	Visit our Transferring ownership page.
Succession timeframe	When do you plan to implement this succession?	—
Restrictions	Are there any restrictions placed on the succession?	—



### Proposed organisation structure

Figure 1: Proposed organisati	Briefly outline what the organisation might look like once you leave. For example, who is your successor? If they are internal also outline who will fill their current position. Outline any positions that will be vacant after the reshuffle.	—
Key Personnel changes		
Question/ Field	Explanation	More informatio n
Key personnel changes table	List all of the positions in the organisation and the people that are expected to fill the position in the event of a succession. For each position outline:	Visit our Recruitm ent page. Visit our Skills & training topic. Visit our Employin g people topic.
	<b>Job title:</b> Position title	
	<b>Name:</b> If known, the name of the employee expected to fill the position. If unknown, add 'Vacant'.	
	<b>Skills required:</b> Relevant qualifications and/or experience.	
	<b>Training requirements:</b> What particular training will this person require to fulfill their new role?	
Skill retention strategies	What procedural documentation do you intend on providing to ensure the skills of staff are maintained? Do you have an appropriate allocation of responsibilities? How will the new responsibilities be documented and communicated to staff? What internal processes will you implement to regularly check that the current skills of staff members are still appropriate for the business?	Visit our Skills & training topic.
Training programs	What training programs will you be organising for possible successors? Are these in-house or conducted by external providers? Have you also considered change management training for the organisation in preparation for the succession?	Visit our Skills & training

## Registration changes

Question/Field	Explanation	More information
Registration transfers	Which registrations do you need to transfer/change? For example, business name, ABN, ACN, GST, intellectual property, domain name, local licences/permits.	Visit our Notify changes to your business page.
Visit our Transferring ownership		
Change of business structure	Do you need to change your business structure? For example, if the business was a partnership and the new structure will be a sole trader.	Visit our Notify changes to your business page.
Other transfers	Lease, memberships or other?	—
Legal considerations		
Question/Field	Explanation	More information
Contracts/legal documents	Is there a legal document that dictates the terms of the succession? If so, what are the terms? Are there any contracts that need to be modified in the event of the succession, e.g. partnership contract? Are there any new contracts that	Visit the Small business legal issues guide
Buy-sell agreement	If you are in a partnership do you have a buy-sell agreement in place? What are the terms? Will the remaining partner(s) buy your partnership share or will it be open to external partners/family members? Does this arrangement apply	Visit the Small business legal issues guide
Will/testament	As the business owner(s), have you drawn up a will or testament? What happens to the business or your share of the business in the event of a death?	Visit the Small business legal issues guide page.



### Insurance

Question/Field	Explanation	More information
Current insurance	What insurance policies do you currently hold in the event of a disability, death or injury?	Visit our People insurance page.

### Succession timetable

Question/Field	Explanation	More information
Succession timetable table	The timetable provided should detail each phase in the succession process. Phases can include, but are not limited to: planning, business housekeeping (e.g. financial/developmental/legal), successor mentorship/training, handover and transition. For each phase list:	
	<p>Phase: Brief phase description</p> <p>Succession action items: What are the succession action items that you need to complete for this particular phase?</p> <p>Start date: When do you expect to start this phase?</p> <p>End date: When do you expect to end this phase?</p>	

## Contingency/risk management

Question/Field	Explanation	More information
Contingency/risk management table	<p>Detail the risks to the succession and any contingencies. For example: If the sale price you expected is not met, what will happen? For each risk list:</p> <p>Succession risk: What can go wrong while the succession plan is being implemented? What is the potential impact to your business?</p> <p>Likelihood: Highly Unlikely, Unlikely, Likely or Highly Likely.</p> <p>Impact: High, Medium or Low.</p> <p>Contingency: What is your contingency/alternative plan in the event that this risk happens?</p>	Visit our Risk management page.

## The Finances

Question/Field	Explanation	More information
Current value of the business	What is the current market value of the business?	Visit our Selling your business page.
Retirement income/payment	Detail any retirement payments required on/from the planned succession date for retiring owners. What are the terms? Is it a one-off payment or regular payments?	—
Sale details	In the event that you put your business on the market during the succession, what is the minimum sale price you require? How long do you plan to have the business on the market? Who will receive the proceeds?	Visit our Selling your business page.
Buyout details	If you are in a partnership and you plan to arrange a buyout, what is the value of your share? What is this in percentage terms? What is the value you will sell to existing partners, family members or external third parties?	—
Taxation	What taxes are payable in the event of a transfer or sale?	—



**Supporting documentation**

Question/Field	Explanation	More information
Supporting documentation	List all of your attachments here. These may include copies of contracts registrations, and resumes.	—

---

[INSERT YOUR BUSINESS LOGO]

[Your Name]

[Your Title]

[Business Name]

[Main Business Address]

ABN: [ABN]

ACN: [ACN]

[Business Name]

Succession Plan

Prepared: [Date prepared]





Table of Contents

1.	Succession Planning	1
2.	Part One: The business of succession	6
3.	8	
4.	Workshop activity 1: Sociogram and workshop expectations	9
5.	Workshop activity 2:	9
6.	Workshop activity 3: What are the risks of not planning?	12
7.	15	
8.	Get started	16
9.	Communication methods	19
10.	Workshop activity 4	22
11.	About Retirement	38
12.	Worksheet: Force field analysis	40
1.	Adopt Plan	41
13.	Structuring Your Business	47
14.	Your case study	2
15.	Action Plan	25

## Business & succession details template

Business name: [Enter your business name as registered in your state/territory.]

Business structure: [Sole trader, partnership, trust, company.]

Current owner(s) covered: [Who is covered by this succession plan? Does this apply to all partners?]

Planned succession type: [Detail the type of succession you have planned? Will you be completely removed from the business or only partially? If it is a partial succession, what will be your future involvement in the business?]

Successor details: [Who will take over as successor - a family member, business partner or other? How and when will you communicate this to the organisation? Do you have an alternative successor in mind if the chosen successor is unavailable?]

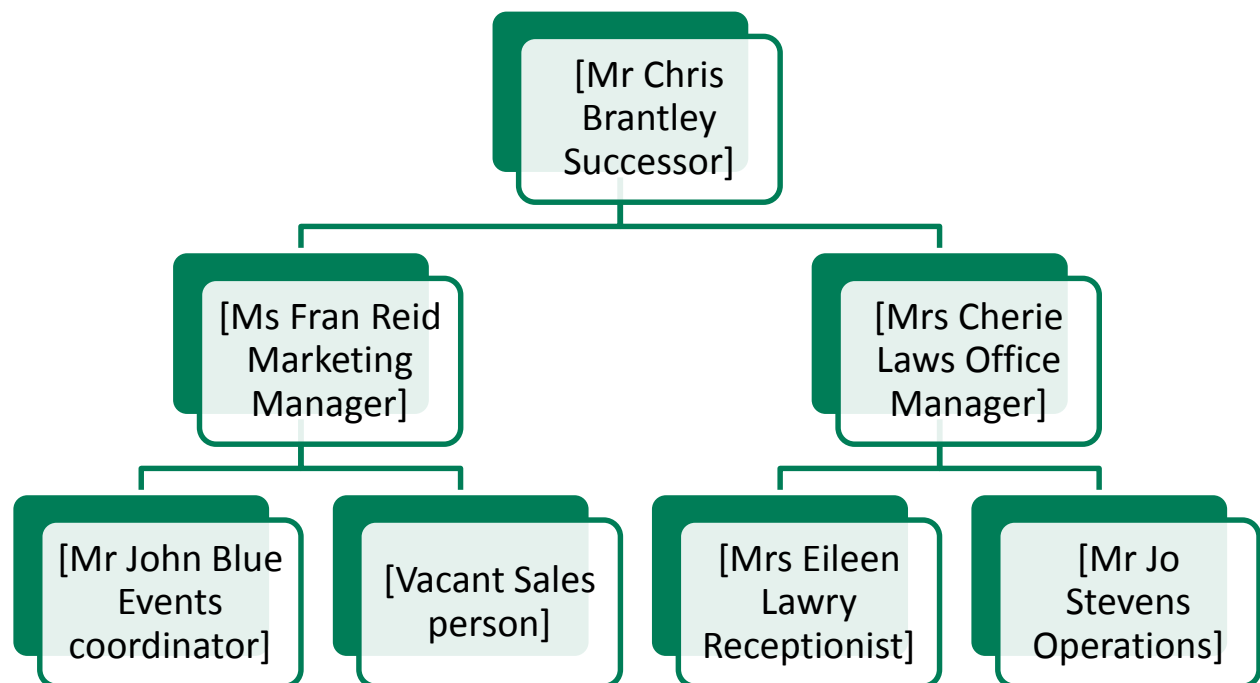
Succession timeframe: [When do you plan to implement this succession?]

Restrictions: [Are there any restrictions placed on the succession?]

Proposed organisation structure

[Briefly outline what the organisation might look like once you leave.]

Figure 1: Proposed organisation chart. [Complete this chart or include your own.]





### Key personnel changes

[List all of the positions in the organisation and the people that are expected to fill the position in the event of a succession.]

Job Title	Name	Skills required	Training required
[e.g. Owner/Manager]	[Mr Chris Brantley]	[Relevant qualifications and/or experience in running a business.]	[On the job coaching. Formal training in financial management.]
[e.g. Owner/Manager]	[Mr Chris Brantley]	[Relevant qualifications and/or experience in running a business.]	[On the job coaching. Formal training in financial management.]
[e.g. Owner/Manager]	[Mr Chris Brantley]	[Relevant qualifications and/or experience in running a business.]	[On the job coaching. Formal training in financial management.]
[e.g. Owner/Manager]	[Mr Chris Brantley]	[Relevant qualifications and/or experience in running a business.]	[On the job coaching. Formal training in financial management.]

### Skill retention strategies

[What procedural documentation do you intend on providing to ensure the skills of staff are maintained? Do you have an appropriate allocation of responsibilities? How will the new responsibilities be documented and communicated to staff? What internal processes will you implement to regularly check that the current skills of staff members are still appropriate for the business?]

### Training programs

[What training programs will you be organising for possible successors? Are these in-house or conducted by external providers? Have you also considered change management training for the organisation in preparation for the succession?]

### Registration changes

Registration transfers: [Which registrations do you need to transfer/change? For example business name, ABN, ACN, GST, intellectual property, domain name, local licences/permits.]

Change of business structure: [Do you need to change your business structure? For example, if the business was a partnership and the new structure will be a sole trader.]

Other transfers: [Lease, memberships, other?]

### Legal considerations

Contracts/legal documents: [Is there a legal document that dictates the terms of the succession? If so, what are the terms? Are there any contracts that need to be modified in the event of the succession, e.g. partnership contract? Are there any new contracts that need to be drawn up?]

Buy-sell agreement: [If you are in a partnership do you have a buy-sell agreement in place? What are the terms? Will the remaining partner(s) buy your partnership share or will it be open to external partners/family members? Does this arrangement apply to all partners in the organisation?]

Will/testament: [As the business owner(s), have you drawn up a will or testament? What happens to the business or your share of the business in the event of a death?]

**Insurance**

Current insurance: [What insurance policies do you currently hold in the event of a disability, death or injury?]

**Succession timetable**

[The timetable below should detail each phase in the succession process.]

Phase	Succession action items	Start date	End date
[Brief phase description.]	[What are the succession action items that you need to complete for this particular phase?]	[When do you expect to start this phase?]	[When do you expect to end this phase?]
[Brief phase description.]	[What are the succession action items that you need to complete for this particular phase?]	[When do you expect to start this phase?]	[When do you expect to end this phase?]
[Brief phase description.]	[What are the succession action items that you need to complete for this particular phase?]	[When do you expect to start this phase?]	[When do you expect to end this phase?]
[Brief phase description.]	[What are the succession action items that you need to complete for this particular phase?]	[When do you expect to start this phase?]	[When do you expect to end this phase?]



### Contingency/risk management

[Detail the risks to the succession and any contingencies. For example: If the sale price you expected is not met, what will happen?]

Succession risk	Likelihood	Impact	Contingency
[What can go wrong while the succession plan is being implemented? What is the potential impact to your business?]	[Highly Unlikely, Unlikely, Likely, Highly Likely.]	[High, Medium, Low.]	[What is your contingency plan in the event that this risk happens?]
[What can go wrong while the succession plan is being implemented? What is the potential impact to your business?]	[Highly Unlikely, Unlikely, Likely, Highly Likely.]	[High, Medium, Low.]	[What is your contingency plan in the event that this risk happens?]
[What can go wrong while the succession plan is being implemented? What is the potential impact to your business?]	[Highly Unlikely, Unlikely, Likely, Highly Likely.]	[High, Medium, Low.]	[What is your contingency plan in the event that this risk happens?]
[What can go wrong while the succession plan is being implemented? What is the potential impact to your business?]	[Highly Unlikely, Unlikely, Likely, Highly Likely.]	[High, Medium, Low.]	[What is your contingency plan in the event that this risk happens?]

### The Finances

- Current value of the business

What is the current market value of the business?

- Retirement income/payment

Detail any retirement payments required from the planned succession date. What are the terms? Is it a one-off payment or regular payments?

- Sale details

In the event that you put your business on the market during the succession, what is the minimum sale price you require? How long do you plan to have the business on the market?

Who will receive the proceeds?

- Buyout details

If you are in a partnership and you plan to arrange a buyout, what is the value of your share? What is this in percentage terms? What is the value you will sell to existing partners, family members or external third parties?

- Taxation

Succession planning: A business strategy

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What taxes are payable in the event of a transfer or sale?

Supporting documentation

Attached is my supporting documentation in relation to this succession plan. The attached documents include:

[List all of your attachments here. These may include copies of contracts registrations, and resumes.]