

# GROWERTALKS

## Growers Talk Business

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### Business Succession: What's Your Plan?

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Business succession is crucial for operators of all ages, extending beyond the interests of just parents. It encompasses both current owners and those who aspire to succeed in business. However, amidst the hustle of day-to-day operations, the thought of succession often gets delayed. Yet, it's important to acknowledge the potential impacts on our children, long-term employees and loyal customers if we fail to plan appropriately. Even if succession may not be an immediate reality, considering the future and adopting a succession sell strategy can be wise.

As businesses grow larger, the intricacies of succession become more complex, requiring critical time and effort to execute successfully. Succession encompasses not only the transfer of ownership, but also the succession of job roles. Employing a

well-crafted strategy and executing it effectively brings forth numerous benefits.

On a personal note, my wife and I celebrated our 39th anniversary last summer. We've been fortunate enough to witness our children's strong desire to continue the business we've nurtured over the past 39 years. While we've been diligently working on the succession strategy for the past few years, we anticipate that it will take a few more years to fully implement. The process has proven to be more challenging and intricate than we initially envisioned. Nonetheless, it's been incredibly rewarding to see our children inject new energy and fresh ideas into the business.

Considering various aspects and potential impacts, it's important to involve different stakeholders:

- **People:** From children to employees and customers, it's crucial to address their concerns and aspirations in the succession plan.
- **Family:** Younger family members involved in the business seek clarity about their future roles and responsibilities, while senior members strive to pass down their wisdom and train their successors.
- **Employees:** Loyal long-term employees may be retiring alongside the present owners, while younger employees are interested in the long-term vision and succession strategy of the company. Providing clarity regarding their future roles and growth opportunities is essential.
- **Customers:** Don't underestimate the interest of your customers in your long-range business succession plan. Their success relies on you as a dependable supplier and even larger corporate customers may evaluate their future relationship with your company based on your succession plans.

In cases where family or employee succession isn't possible, developing a strategy for selling the business can still

enable a successful transition. Selling a well-established business with added value and a comprehensive succession strategy can fetch a higher price. Buyers are often willing to pay a premium through earn-out strategies. Engaging a strategic business planner is advisable to ensure the success of the succession through selling.

The complexity of the succession plan varies depending on the size of the business. Fortunately, there are numerous experts available to assist in developing and executing strategies, and government funding is often accessible to support family businesses. While price may not be the ultimate determining factor in family succession, tax planning plays a crucial role in ensuring favorable financial outcomes for both parents and successors. The primary goal is to achieve a smooth succession that has no negative impacts on the family, employees or customers. Transferring knowledge becomes paramount, combining learning and experience to enhance the long-term benefits of the succession plan.

It's critical to evaluate employees as they age and implement a plan that facilitates the transfer of knowledge and decision-making authority to future employees. Years of experience cannot be simply passed down on paper or within a short period. Ideally, a mentorship program involving side-by-side mentoring for at least one year can yield significant benefits and promote success. Developing comprehensive standard operating procedures (SOPs) is an effective means to capture the tactical aspects and measurements required to execute specific tasks or decision-making processes.

It's my hope that this article stimulates thoughtful consideration and discussion within your family regarding succession planning and the desire to transition your business to the next generation. By planning with future successors, current operators have a tremendous opportunity to ensure the continued growth and success of our industry. Sharing experiences and learning from others who've undergone similar transitions can be invaluable. Remember to reach out and connect with others to gain insights and potentially avoid challenges along the way. Wishing you the utmost success in your succession strategies. **GT**

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