

## PROAGTIVE SUCCESSION PLANNING: BENEFITS FOR YOUR FAMILY BUSINESS

Succession Planning provides family members with clarity for the future enabling personal and business growth and happiness...

- Increased awareness about the many different elements of succession planning.
- Opportunity to discuss some of the key areas of concern and future aspirations before the situation becomes out of hand.
- To understand how to implement strategies now to prevent issues in the future.
- Increased family harmony, less pressure on Mum and Dad to have to 'sort it all out' themselves.
- Opportunity for the business owners and family members to communicate their aspirations for the future in a non-threatening environment.
- Framework and plan to manage the complexities associated with being in business with the people who are also our family.
- Clarity and direction for each family member for the future.
- Future direction for the business.
- Security for each family member for the future.
- Opportunity to have meaningful relationships with family separate to the business.
- Empowerment to ask other professionals the right questions to ensure accurate information and the right structures and agreements are put in place.
- Less stress for family members.
- Motivation, drive and enthusiasm injected back into the business.
- Risk management strategies discussed and analysis on current and future business structure based on the needs and interests of each family member.
- This process is well supported by the team at proAGtive who are skilled, well qualified and experienced to manage the challenges every family farm business needs to address.
- Strategic planning to build greater profitability into your business.
- Accurate and appropriate structuring to save you money.

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FAMILY FARM BUSINESSES

BUSINESS MANAGEMENT PRACTICES

HARMONIOUS RELATIONSHIPS

FINANCIALLY SUCCESSFUL BUSINESSES



## STAGE ONE OF SUCCESSION PLANNING PROCESS

### PREPARATION & RESEARCH

#### **Pre meeting preparation and questionnaires**

- This involves each family member and their spouse to complete a 23 page questionnaire
- Pre meeting questionnaires sent out to each family member
- Pre meeting questionnaires returned to Proagtive for collation and identification of the key areas of priority.

#### **Business Financial Analysis Review**

- In order to complete this effectively please provide us with a copy :
- recent loan statement/s
- the past 5 year's financials
- the current P & L and balance sheet to date
- outline of business structure
- information regarding any bank facilities i.e. what they are, amount, terms, who the guarantors are and what security is provided
- Proagtive will also send you an excel financial proforma spreadsheet which we require you to complete which gives us a general outline of the family business financial position

#### **Pre- family member meetings – conference call or where possible face to face with each family member and spouses**

- This involves a phone call or face to face meeting with each family member
- The purpose is to understand expectations and personal aspirations for the future in regards to the family farm business.

#### **One day face to face meeting with business owners**

- The purpose of this meeting is to discuss key findings of pre- meeting research and recommended business strategy for stage two succession planning going forward

#### **Administration and Logistics**

- Organisation of meeting date, location, catering, family member availability

## STAGE TWO OF SUCCESSION PLANNING PROCESS

*– this is an outline only and will be specifically determined in consultation with business owners after stage one*

### **FAMILY BUSINESS MEETING**

**Two Day Family Business Meeting which is broken down into the following segments:**

#### **Educational component**

- Deliver a relevant and targeted family business education presentation to all family business members which is interactive and based on the experience of Proagitive working with family farm businesses across Australia.
- The presentation outlines the dynamics and different elements involved in a succession planning process and the importance of addressing succession in a staged plan which begins with management transition, leadership second and ownership transition third.
- The educational component provides a platform for the communication of the key areas which need to be addressed over a period of time in the succession planning process.

#### **Family member interactive discussion**

- The next component of the two day meeting is an interactive and facilitated discussion between all family members. Through strategic questioning based on the pre meeting research each family member is given the opportunity to communicate their expectations, needs, interests and concerns. Proagitive ask a series of questions to each family member in a non- threatening manner to ensure all the key issues are out on the table. This provides clarity for all family members; particularly the business owner about the key areas of priority to be addressed during this planning process. This also ensures the family do not face undue conflict as family members undertake roles within the business.

#### **Day Two: Meeting with all family members continued**

- Following this interactive family discussion, Proagitive formulate the information into key areas to be addressed in priority order. In addition Proagitive will provide recommendations and include other areas for consideration based on experience with other family businesses.
- Proagitive meet with business owner initially to discuss the key areas and ensure the business owner is satisfied
- Proagitive in consultation with the business owner and the family members work through each item and discuss the implications of each in relation to the individual family members and the business
- An outline of the key areas to be addressed could be:
- Retirement Planning for Business Owners
- Risk Management Strategies
- Roles Responsibilities for each member
- Compensation and remuneration package
- Housing
- Security for non farming family members
- Enterprise analysis
- Asset protection
- Current business structure and legal and tax implications.
- Potential new business structure and legal and tax implications of potential plan.

- Through the discussion on all of these items an action plan will be documented.
- The purpose of the action plan is to ensure that a clear implementation phase follows this meeting process.
- This is a vital part of the process because the greatest return on the investment made is a result of implementing actions as agreed.
- Also as part of this day there is the opportunity for the family farm business accountant and or business advisor to be involved.

**Report and Action plan** - prepared by Proagtive and sent after meeting to business owner and family business members outlining the key areas to be addressed the action plan and a summary of the pre meeting education.

## STAGE THREE OF SUCCESSION PLANNING PROCESS

*– if required and in consultation with business owners*

### IMPLEMENTATION

Implementation of Action Plan.

Follow up support over 3 month period following the completion of Stage 2. This support is via phone calls and where necessary conference calls with family groups.

## STAGE FOUR OF SUCCESSION PLANNING PROCESS

### PROAGTIVE BUSINESS SOLUTIONS

**Formalised and facilitated support meetings for family and business.**

This process:

- Clarifies the structure and rules families need to successfully transition.
- Provides support implementing plans, developing direction and strategy.
- Mitigates destructive conflict through appropriate communication.
- Educates the next generation and prepares businesses for the future.

Successful family businesses in the very difficult arena of agriculture are the ones that operate this way.

### SERVICES OFFERED:

- 1. Review of any current Action Plan**
- 2. Communication and Governance**
- 3. Review of Business and Performance**
- 4. Strategic Planning**
- 5. Risk Management**

## PROAGTIVE SUCCESSION PLANNING PROCESS

**STAGE 1A: *Discovery Process*:** collect financial information, copies of legal documents, send questionnaires to business owners, face to face meeting with business owners.  
Phone conference with all family members to explain and outline the process ahead and what is expected of them.

**STAGE 1B:** Send questionnaires to each next gen. family member and their spouse/partner; meet each of the next gen individually face to face.  
Phone conference with business owners to confirm progression to Stage 2.

**STAGE 2:** Two day facilitated face to face whole family meeting reaching In-principle agreement with an action plan.

**STAGE 3: *Implementation phase*.** This involves follow up to ensure the agreements, decisions made and actions have been carried out. Follow up may take the form of individual phone calls, phone conferences with family members and other advisors or face to face meetings.

**STAGE 4: *Ongoing review*;** this is a half or full day face to face meeting held quarterly, bi annually or annually to ensure the process of managing generational change and the associated business planning requirements remain dynamic and current.