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Subtheme: Managing farm business

**FARMING FOR OUR FUTURE:
COMMUNICATION IS KEY TO BRIDGING THE GAP**

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FARMING FOR OUR FUTURE: COMMUNICATION IS KEY TO BRIDGING THE GAP

Abstract

The next generation are the future of farming and lifeblood of the agriculture and agri-food industry. Farm transition is arguably the most critical time in the lifecycle of the farm and family as the legacy of one generation converges with the goals, dreams and desires of the next. A farm transition plan helps create clarity and certainty for everyone around the future of the farm and how they fit into the plan. However, transition planning can involve uncomfortable conversations where personal, family and business goals and roles often become muddled.

Currently, only 8.4% of Canada's farms have a written succession plan. Without a plan, farmers face uncertainty and the future is in jeopardy.

Farm Management Canada launched the Bridging the Gap: Transition Planning for Farm Families Workshop to address the growing disconnect between the current and future generation of farmers in Canada and the resulting lack of succession and business transition on Canada's farms.

This paper focuses on the Bridging the Gap Workshop as a practical approach to improving farm succession and transition planning on Canada's farms. This program is helping bridge the gap between generations of farmers, stimulating better communication and business skills development to provide farmers with the best chance for continuing success.

Keywords: succession, transition, communication, family, business, farm

Introduction

The next generation are the future of farming and the lifeblood of the agriculture and agri-food industry. In Canada, agriculture and agri-food accounts for close to 7 per cent of the gross domestic product (GDP), generating over \$111 billion and representing 12.5 per cent of employment¹. Agriculture is a big deal.

There are 193,492 farms in Canada² with an average net worth of \$2.8 million³. It is estimated that 3 out of 4 farms will change hands over the next 10 years⁴, representing over \$50 billion in farm assets. Yet, only 8.4% of Canada's farms have a written succession plan⁵. This means 91.6% of Canada's farming assets are not secured, putting Canada's agricultural sector and the future of farming in considerable jeopardy.

Farm succession, also called farm transition, is arguably the most critical time in the lifecycle of the farm and family as the legacy of one generation converges with the goals, dreams and desires of the next. Successful transition is necessary for farmers to continue to be major players contributing to our economy, environmental stewardship, public health and community development.

This paper focuses on Farm Management Canada (FMC)'s the Bridging the Gap: Transition Planning for Farm Families Workshop as a practical approach to improving farm succession and transition planning on Canada's farms, helping bridge the gap between generations of farmers to stimulate better communication and business skills development to provide farmers with the best chance for continuing success.

Background and Methodology

While farm transition workshops are not a new concept, making a concerted effort to bring together generations from the same farm to work through difficult conversations and carve out a path to progress is unique. The concept for the multi-generational workshop

¹ Agriculture & Agri-Food Canada (2017). An Overview of the Canadian Agriculture and Agri-Food System. < <http://www.agr.gc.ca/eng/about-us/publications/economic-publications/an-overview-of-the-canadian-agriculture-and-agri-food-system-2017/?id=1510326669269>>

² Statistics Canada (2016). 2016 Census of Agriculture. <<https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm>>

³ Agriculture & Agri-Food Canada (2017). An Overview of the Canadian Agriculture and Agri-Food System. < <http://www.agr.gc.ca/eng/about-us/publications/economic-publications/an-overview-of-the-canadian-agriculture-and-agri-food-system-2017/?id=1510326669269>>

⁴ BDO. (2014). Succession Planning for the Transition of the Family Farm. Tax Bulletin.

⁵ Statistics Canada (2016). 2016 Census of Agriculture. <<https://www150.statcan.gc.ca/n1/daily-quotidien/170510/dq170510a-eng.htm>>

originates from the Nova Scotia Federation of Agriculture. With their permission, FMC enhanced the workshop for delivery across Canada.

Oftentimes discussions around farm transfer are limited to tax planning and corporate structure. However, fifteen options for tax deferral are not helpful when the family has not taken the time to discuss who wants what, and when. The BTG Workshop looks at farm transition more broadly in terms of continuity planning and the emotional factors that can help or hinder success. The workshops are designed to provide a safe place for generations working together on the farm to engage in meaningful conversations and complete practical exercises to make progress in farm transition. The Workshop uses a combination of open discussion, small-group discussion, individual exercises, polling and presentations to engage participants.

Figure 1: The Bridging the Gap Workshop Agenda

Bridging the Gap Workshop Agenda

1. Welcome
2. Presentation: Why Farm Business Management Matters
3. Discussion: Anticipated Outcomes
4. Presentation: Perpetuating the Farm Family Business
5. Presentation: Dare to Plan: Critical Factors for Transition Planning
6. Exercise: Key Challenges Audit
7. Presentation: Different Isn't Wrong, It's Just Different
8. Exercise: Farm Management Proficiency Test
9. Presentation: The Undiscussabulls® - Improving Family & Business Communication
10. Presentation: Planning for Success
11. Exercise: Building Your Farm Process Manual
12. Presentation: Learning, Skills Development, Resources Available
13. Discussion: Next Steps - Action Planning and Accountability
14. Discussion: Take-Aways
15. End

Participants complete a series of exercises to identify and start working through obstacles and barriers they face when it comes to transition planning. Every participant receives a personal binder to complete a number of planning exercises on their own, including mission and vision statements, organizational structure, roles and responsibilities, areas of

risk and actions moving forward. Responses are discussed as a group. For many participants, this is the first time these elements have been put into writing. The binder creates a physical resource farm team members can refer to, and continue to work on, for continuous planning.

The Workshop concludes with participants writing a letter to themselves or a significant other, describing their immediate next steps and pledge to improve their transition planning practices, which program managers send back to them or a person of their choice 90 days after the Workshop to continue to motivate their commitment to act. Participants also receive a summary of discussions derived from the Workshop including recommended reading and additional resources to continue their learning journey.

The Workshops were promoted using a variety of communication channels including social media (Facebook, Twitter), emails to industry contacts representing industry groups including commodity and farm organizations, advertisements in popular agricultural press and presentations at agricultural events. Promotions were targeted regionally, as well. Industry groups were encouraged to assist with promotions.

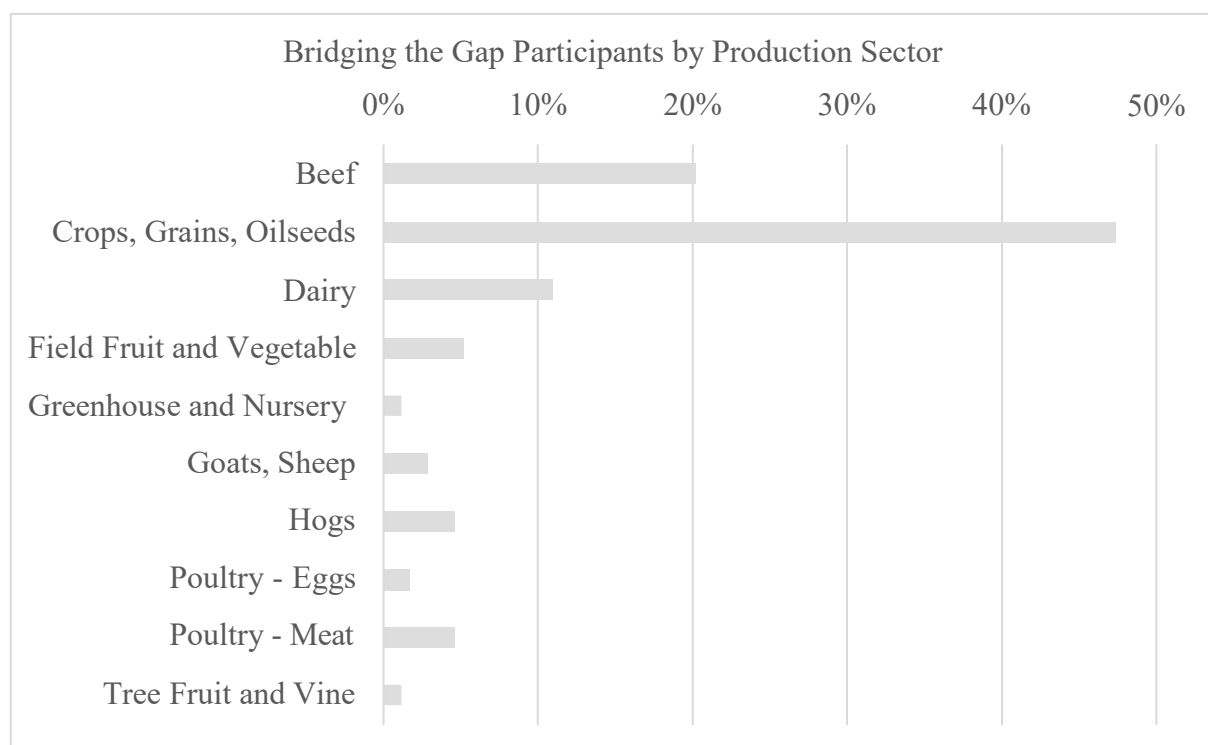
Results

Workshops began in February 2017. The following results pertain to the first two years of the Workshops including number of participants, participant demographics, program impact, and unexpected results.

A total of 147 farmers participated in the Workshops. Workshops took place in six regions across Canada: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Atlantic Canada. Participants ranged from 22 to 85 years of age. 45 per cent of participants were female. Most workshops took place in one day (8am – 4pm), with the exception of the Atlantic workshop, which took place as two half-day sessions. Where possible, workshops were coordinated with other industry events to maximize participation and enhance the learning opportunity. For example, in Alberta, the Workshop preceded Alberta Canola's Leading Edge Summit so participants could come early to take in the BTG Workshop and stay for the Summit.

Farmers from across commodity sectors participated in the program. The majority of participants were from crops, grains, oilseeds and beef operations.

Figure 2: Bridging the Gap Workshop Participants by Production Sector



The goal of the BTG Workshop is to increase adoption of succession and transition planning practices by:

- Advocating the importance of strategic planning as a critical element of farm transition planning
- Creating a place for farm families to learn together
- Creating a safe place for farmers to have meaningful conversations around farm transition
- Increasing connectivity and sharing among farmers
- Providing practical learning to increase the likelihood of implementation
- Increasing awareness of and access to transition planning resources

Program managers took several steps to help achieve these goals.

- Advocating the importance of strategic planning as a critical element of farm transition planning
 - Presenters shared data including statistics and tangible numbers pertaining to the value of transition planning and risks associated with not planning.

- Presenters focused on farm transition within the larger context of strategic planning and business continuity, addressing the importance of articulating and sharing dreams, goals and values – both professional and personal.
- Creating a place for farm families to learn together:
 - Participants were encouraged to bring all members of the farm team to tackle farm transition together in hopes of creating a sense of understanding and compassion, and a feeling of shared accountability for the path forward.
- Creating a safe place for farmers to have meaningful conversations around farm transition:
 - Participants were asked to respect one another's experiences and opinions.
 - An anonymous electronic polling system was used to gauge farmers' perceived barriers, fears and worries regarding transition planning.
 - Workshops were exclusively for farmers, unless advisors were invited by the farm family.
- Increasing connectivity and sharing among farmers:
 - Participants were invited from across production sectors
 - Workshops began with a roundtable for participants to share their situation and what they hoped to gain from the experience. Throughout the Workshop, participants shared insights with one another relating to their challenges, successes and commitments to act going forward.
- Providing practical learning for farmers:
 - Each participant received a binder to work through fundamental elements of planning.
 - Each participant received an individual binder to ensure their insight and opinions could be captured and compared to other members of the farm team.
- Increasing awareness of and access to transition planning resources
 - Presenters shared transition planning resources and learning opportunities including events, educational programs, worksheets, tools, and recommended reading.

Participants were asked to comment on the value of the workshop through an evaluation survey:

- ❖ 100% of participants indicated the workshop increased their awareness of the importance of transition management
- ❖ 80% of participants indicated the workshop increased their awareness of beneficial management practices
- ❖ 80% of participants indicated the workshop increased their ability to recognize risks, opportunities, strengths, weaknesses
- ❖ 80% of participants indicated the workshop helped them clarify their goals
- ❖ 100% of participants indicated the workshop helped them choose a course of action to make positive changes

In the Workshop participants' own words:

"It was awesome to attend the workshop together. This was the first time that all four of us had been to the same farm event. Usually only one person is able to attend and attempts to bring home the information and try to relay what they learned."

"We learned that other farms have had similar challenges to ours, and more importantly we learned how to work through those challenges."

"The workshop allowed us to identify the steps and resources that we needed to create a plan, and since then we have actually put that plan in place and started it in motion."

"I now feel optimistic about all 4 kids playing a role in the farm – either on or off the farm"

"We finally started monthly business meetings, with a push from a letter we had to send to ourselves."

"We were able to ask the right questions at the right times to the professionals we had helping us."

"While it was disheartening to hear of other's situations, it was also affirming to come back to my parents and wife and say, "Hey, you guys are awesome! We are moving in the right direction."

“This event was encouraging. It helped build trust, respect, communication.”

“Life changing.”

“Because of this program, we will be incorporating the early use of facilitators and coaches to guide us through the process.”

“My father-in-law and I have already spent a day in the office working towards a clear, written business plan (something that until now he wasn't convinced we needed)..”

“I realized how much I need my parents around, how much I wanted to show them respect for what they were passing onto me, and how I wanted to slow the whole transition process down”

Discussion

The BTG Workshop is a unique learning experience for both participants and program managers. Key results of the first two years of delivery include unexpected learning outcomes for the program managers that offer opportunities for program development.

- **Back to Basics – Starting the Conversation:** Throughout the Workshops, it became clear that participants were seeking practical advice and tools to start and/or continue conversations around farm transition: how to conduct an effective meeting, how to get your point across, how to listen to each other and how to make sure everybody feels heard. Participants sought the words and phrases that could be used to encourage meaningful conversation, and copied them down word for word. They were fearful of not having all the answers and wanted advice on what to say without compromising their relationship, influence and/or authority.
- **Redefining the Gap – Not Just Parents and Children:** While the Workshop was initially created to facilitate conversation between parents and adult children, it became clear early in the workshops that there were more gaps that needed to be addressed such as conversations between spouses about their post-transition goals and desired lifestyles. The BTG workshop could be expanded to address these additional gaps with or without a focus on farm transition.

- **An Untapped Resource - the Farm Advisor:** While we know farmers tend to go to their accountants and lawyers as their first stop on the succession journey, we were surprised to learn what little knowledge these farmers have of different types of farm advisors out there, how to access them and the benefits of working with a multidisciplinary team. To be successful, we must promote the use of farm advisors (who's out there, for what purpose, how to ensure they're meeting your needs), and equip farm advisors with the tools and skills to meet farmers' needs.
- **Creating Champions for Change:** The Workshops have helped grow the number of farm management enthusiasts and farm transition champions in Canada. Program participants now recognize planning creates certainty, helping move through difficult conversations towards shared goals. Since completing the Workshop, participants have shared their experience in agricultural media such as radio, online articles and print news, or through speaking engagements at industry events, encouraging other farm families to not only embrace transition planning, but business management practices in general, as a gateway to better communication on the farm.

A few areas for improvement were identified by participants and program managers:

1. **Coaching is Personal:** Some participants were inclined to work with one instructor over another – either the family coach or the strategic consultant, while others wanted more options. For future programming, it would be helpful to identify additional instructors to cater to participant needs and preferences.
2. **Have Time to Reflect:** The Workshop held in Atlantic Canada was held via two half-day sessions to dovetail with another learning event starting the second afternoon. The remaining Workshops were a single day. In hindsight, the evening between the two-day workshop helped facilitate a moment of reflection and interaction between the participants, leading to much more in-depth conversations on the second day, and a chance for instructors to cater the second half of the program to the learning needs and opportunities identified by the group on day one.
3. **Include Non-Traditional Transition:** While family relations have a significant impact on farm transition, for better or for worse, a number of participants came to the program who did not have these succession options. However, the

communication and conflict resolution skills gained by the program are just as pertinent, in any situation. In future, the Workshop content could account for this or perhaps non-family Workshops could be offered.

4. **Keep the Conversations Going:** When participants were asked what would be most helpful in continuing their farm transition journey, the answer was unanimous. These farmers want someone to reach out to them on regular basis through a phone call or online meeting to see how they are progressing – to help keep them accountable, but also to check in and work through some of the barriers to progress they are encountering along the way. Timelines are critical to marking and celebrating progress. We are looking at options including creating farm management calendar that helps trigger when certain management practices should take place and opportunities to talk with a farm advisor.

Concluding Remarks

Farm Management Canada launched the Bridging the Gap Workshop to address a growing disconnect between the current and future generation of farmers in Canada and the resulting lack of succession and business transition on Canada's farms.

The results demonstrate that the Workshop achieved its objectives, helping farmers make progress towards farm transition. Although we recognize transition planning is not accomplished over the course of a single workshop, participants came away feeling empowered by the conversations held during the Workshop along with the beginnings of a written plan, and resources and tools to continue the conversation with their family and professional service providers such as coaches, planning consultants, accountants and lawyers.

Learning alongside family members is a unique experience and one that has created a sense of understanding and compassion like no other, and more importantly, a feeling of shared accountability for the path forward.

The greatest challenge that permeated all the workshops was the inability to communicate with family. Bridging the gap between generations became bridging the gap between husband and wife, siblings, introverts and extroverts and how to appreciate and recognize differences as strengths and opportunity. A significant area of contention

is parents learning to let go and reinventing themselves as part of the transition process. Meanwhile the next generation is terrified of failing the family legacy.

Looking at farm transition in the context of business continuity and thus, strategic planning, can help facilitate and alleviate the emotion behind difficult conversations as visions, dreams and goals are shared, new perspectives are gained, and a path forward can start to take shape as a guiding light along the way.

Farm transition is a journey that concerns all farmers, across all regions and all production sectors. Bridging the Gap opens up the conversation to offer a pathway for any farm across the globe to embark on this journey. The workshop can be adapted to cover a breadth of topics in agriculture where the ability to communicate is obstructing progress.

An immense opportunity for creating greater clarity and certainty for the future of agriculture will come from shifting farmers' attitudes towards proactive planning and providing the resources and tools to stimulate better communication through business skills development.

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