



# EFFECTIVE FAMILY SUCCESSION PLANNING AND GOVERNANCE

Kellogg Rural Leadership Industry Applied Project

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## 1 Executive Summary

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The underlying motivation behind undertaking this research is to identify some of the key processes and initiatives that successful New Zealand family businesses implement to ensure their successes and human capital are passed down through the generations effectively. Conversely, I was also interested in clearly identifying some of the common issues which arise in family succession plans and ways in which these issues may be avoided.

This topic is important to me having lost my father in 2012, and being the oldest child, I feel a certain level of responsibility to provide leadership within our family in the hope that our family business continues to prosper in a sustainable and risk averse manner. My long-term vision is an '*intergenerational family business*' which creates employment and investment opportunities within our family and the next generation to come.

Initially, the context in which I planned to undertake my research was more in a broad sense focusing on family owned businesses across the primary sector. As my research progressed, I decided to narrow my focus and apply my topic to family businesses involved within the kiwifruit industry.

My hope for this research, is that it will provide some benefit to other industry families and encourage them to 'think bigger' and openly communicate around succession planning. I hope that this research will also provide some framework around how to govern a family business effectively and that it will benefit family businesses for the better.

We live amongst an increasingly busy world, and I am therefore mindful that people, including myself are becoming increasingly time constrained. For this reason, I have chosen to prepare my report more concisely than recommended in the project guidelines focusing on the salient points of my research. By taking this approach, I hope that it will encourage more people read this report.

The thing I enjoyed most about compiling this research paper was the opportunity to sit down one on one, face to face with some highly successful key industry participants who openly spoke about their family owned businesses. They each willingly shared with me the challenges they had faced along the way, mistakes they had made and what they had learnt from them. These are people who have walked the walk, and their knowledge and shared experiences in my opinion, is significantly more valuable than any other information source available. I found this part of my research to be highly inspiring, and reiterated to me how great the kiwifruit industry is and what a privilege it is to be a part of it. Effective leadership highly revolves around people, and it became obvious to me that the success of the kiwifruit industry is a result of great leadership from key industry personnel, some of which I have been fortunate enough to engage with.

The issue of succession planning for family businesses can potentially be an emotional one, or not depending on a number of factors which I have attempted to identify throughout this report. 'A change of ownership and/or management is inevitable for every business – everyone exits eventually. But moving out of a business is often harder than moving in.' (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014). Every family business is unique and faces its own challenges around different personalities within the family and different needs, wants, ideas, opinions and aspirations of each family member. There is no one size fits all, and I believe it comes down to leadership within the family to co-ordinate and govern a family business successfully. Succession planning within families is about open communication from the beginning, including the ability to sit down and listen to each family member's goals and aspirations. From a governance perspective, I also believe having strong discipline around separating family time and business is paramount in governing a family business whilst still maintaining strong family relationships.

One of my survey participants believed a family culture and identity was one of the most important factors in a successful family business, as well as installing the right values into children from a young age. For family succession to be successful, he believed it was highly important to include children in the business from a young age and for it to always be referred to as 'our business' rather than 'Dad's business'. Another survey participant emphasised the importance of having clearly defined roles within a family business, reflective of each individuals strengths and capabilities rather than 'as of right'. For a family business to be successful, he also strongly believed in 'grass roots' training to ensure a thorough understanding of the business from the ground up. Michael Hill expresses a similar opinion in his books 'Toughen Up' and 'Think Bigger' where he emphasises the requirement for children to prove themselves within the business without receiving special treatment because they are a family member.

As kiwifruit orchard prices continue to rise underpinned by strong industry confidence, it becomes increasingly difficult for the younger generation to acquire orchard ownership and become involved within the industry as a grower. For those families well entrenched in the kiwifruit industry, I believe succession planning is now more important than ever if those families wish to continue into the future and achieve longevity and future prosperity for their existing businesses.

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## 2 Acknowledgements

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I would like to acknowledge and thank each person who has offered their support and time through the Kellogg Rural Leadership Programme. I wish to specifically acknowledge and show appreciation to the following;

- Zespri International Limited for their scholarship which provided me with financial assistance to cover the costs of the Kellogg Rural Leadership programme.
- AGMARDT (Agricultural Marketing and Research Development Trust) for their financial support towards covering additional course costs such as flights and accommodation. I also wish to thank and acknowledge AGMARDT for their continued support towards my Personal Development Plan.
- The major sponsors of the Kellogg Rural Leadership programme for their financial contributions and support, namely DairyNZ, Beef + Lamb, AGMARDT and FMG.
- John Bourke and John Cook who initially encouraged me to apply for the Kellogg Rural Leadership Programme on behalf of Zespri International Limited.
- All the people who took the time to complete my survey, and in some instances meet with me to openly share their opinions and knowledge. I would like to specifically thank Murray McBride, Owen Cooney, Nathan Flowerday, Trevor Hamilton, Barney Tizzard, Mike Farmer and Rob Jeffcote for the time and knowledge you shared with me which was most insightful and influential on preparing this report.
- Nathan Nelson who is a fellow Kellogg's course participant researching a similar topic around initiating succession planning. Our robust phone discussions and sharing of information around succession planning helped significantly in the preparation of this report.
- My partner Abbie for her support at home and encouragement towards completing this report.
- Finally, I wish to sincerely thank Patrick Aldwell, Anne Hindson and Desley Tucker who have co-ordinated the Kellogg's programme. Your passion and enthusiasm for leadership within the primary sector is inspiring and I am privileged to have been able to interact and get to know you throughout the duration of the course.

### 3 Research Introduction

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The decision to research this topic was initially driven out of personal circumstances within my own family, in conjunction with a desire to identify some of the key strategies and process that well-known successful intergenerational family businesses implement well to ensure their businesses continue to prosper in a sustainable and risk averse manner. Conversely, this paper also aims to identify issues which can arise within family succession plans and ways in which these issues may be avoided.

One of the main objectives of this paper, is to provide a concise overview on the topic of family succession planning and governance dedicated to individuals involved in family businesses within the primary sector, and in particular the kiwifruit industry.

Early on in my research, it evidently became clear that every family business is unique and complex in its own way, and there is no 'one size fits all' solution to effectively governing a family business and implementing a successful succession plan. Therefore, it is my hope and main objective that this paper encourages readers to initiate discussion around succession planning earlier on rather than leaving it until it is too late. I also hope that it provides some relative thought and opinions to assist families with some framework around governing a family business and implementing some form of succession plan if it is the desire of the family to achieve longevity within the family business, ensuring long-term growth and prosperity in a sustainable manner.

This report aims to provide thoughts and opinions around the following questions;

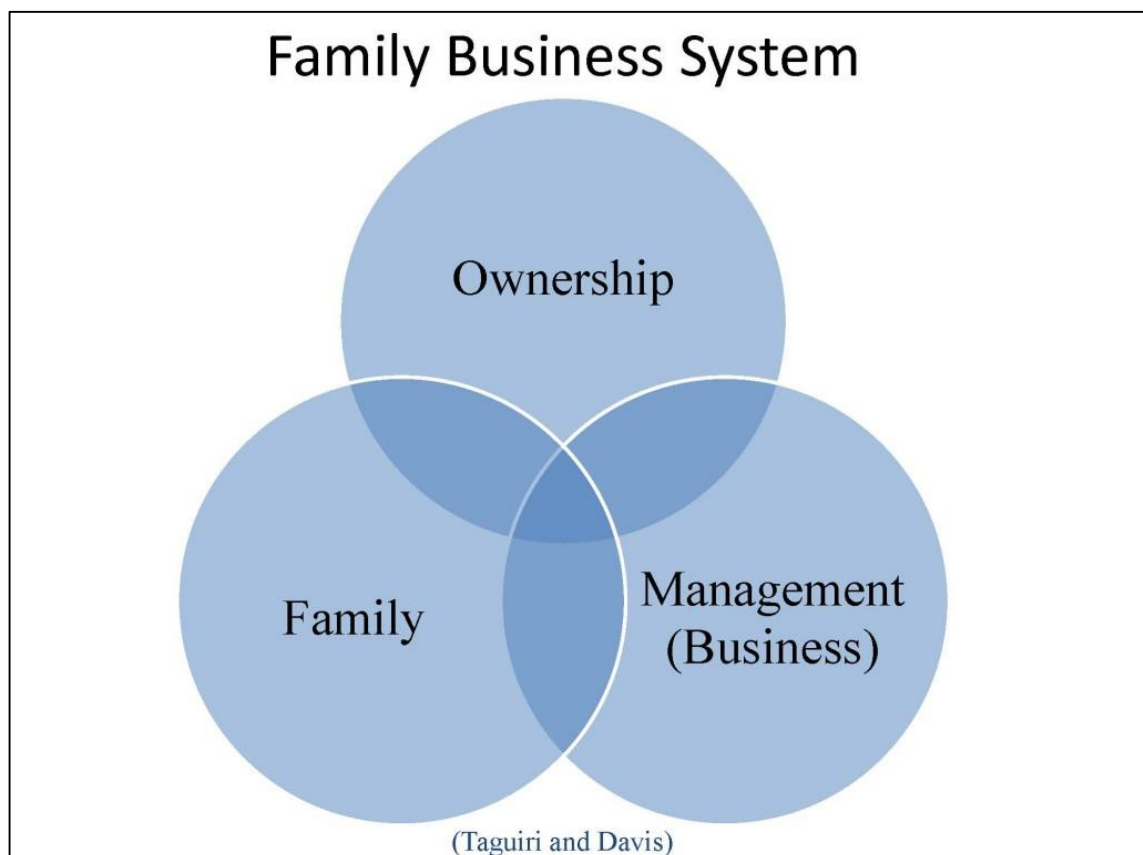
1. What are some of the key processes and initiatives that successful family owned businesses have implemented over the years to ensure their successes continue to pass down through the generations?
2. What are some of the common themes across successful family governance structures and what appears to be the key processes that underpin that success?
3. How and why do issues arise in family succession plans and governance structures? And how might these issues be avoided?

## 4 Literature Review

"Family businesses play a major role in the New Zealand business landscape...The majority of family businesses are in their first generation and the numbers decrease significantly for those residing in later generations, indicating a certain lack of longevity... A lack of longevity of New Zealand family businesses detrimentally impacts on the country's economy in terms of provision of employment, GDP per capita, as well as business growth." (Hirsch, 2011).

What defines a family business can be simply described as a business where members of the same family actively own and/or manage a business. Family businesses are unique and complicated. They generally face various challenges and a level of complexity in comparison to a more generic corporatised company. When implemented effectively, family businesses have the potential to be highly successful providing investment and employment opportunities within the family.

**Figure 1. Family Business System (Taguiri and Davis, 1996)**



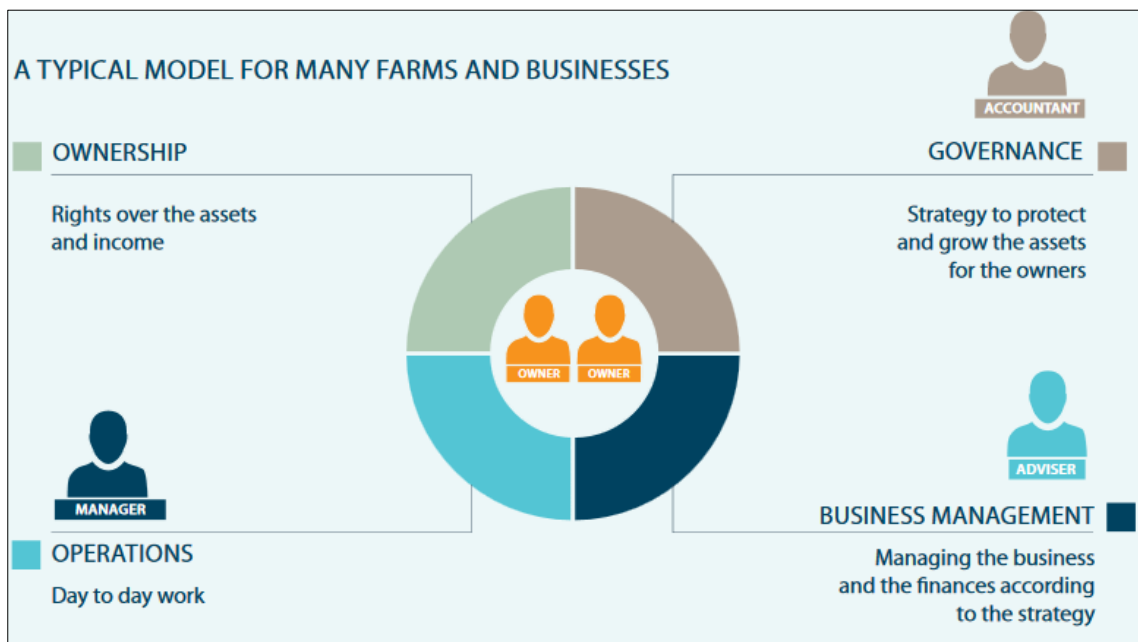
"The most important layer of complexity is added, because this business form combines the subjects of family and business. As both systems impact on each other, a greater potential for conflict arises" (Davis & Tangiuri, 1996).

The three circle diagram in Figure 1 illustrates the intertwining of three important facets of a family business, which underpins its complexity and the potential for conflict. Having distinct roles and disciplined governance within a family business is paramount in managing these conflicts and ensuring success.

Family governance and family succession planning can be two distinctive topics in themselves, however it appears evident that a successful succession plan within a family business requires sound family governance.

Family governance is effectively a framework around managing the complexities and challenges often faced within a family business. "For many business owners, the term 'governance' suggests compliance, paperwork and a whole lot more work. But for family businesses with long-term growth aspirations, it pays to take a more positive view on governance. Rather than hindering the business, a governance structure protects the business and helps achieve their objectives. It also sets in place the necessary structure to bring in additional skills and allows for gradual and tiered involvement of family members, both of the outgoing and incoming generation. As a result, the business is no longer limited to the working life span of the founder. For the business owner, the business becomes an investment. Family leaving capital in the business can earn a dividend, rather than the business borrowing and weakening its structure and profits." (ANZ, 2012).

**Figure 2. A Typical Model for Many Farms & Businesses. From *Passing the Baton*, ANZ Bank Limited**



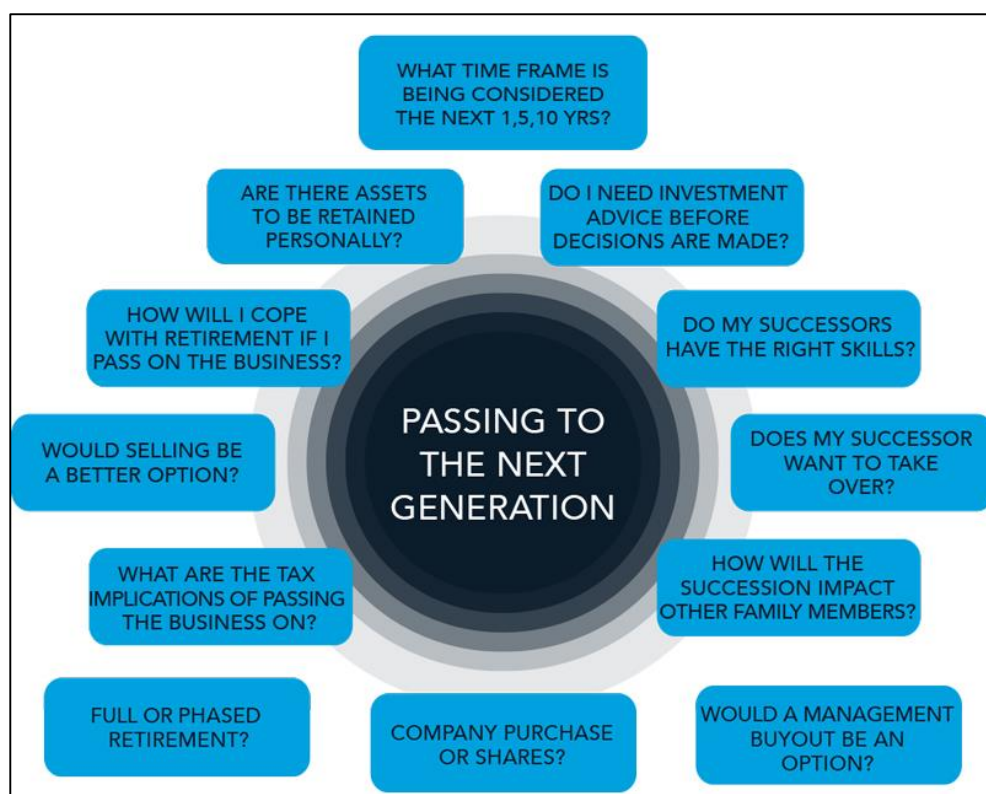
Governance in the family business is primarily holding individuals accountable to the vision, values and policies (fiscal and management) set by the family business owners. (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014).

"John L Ward believes governance in a family business should function to enable transparency across the family, management and ownership systems, and is focussed on establishing productive procedural engagement across these systems. This ensures the ongoing alignment of interests and objectives between these three systems over time. He also states family ownership defines the values, vision and objectives of the business, including financial goals and performance expectations guiding board and management decisions." (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014).

What defines succession planning in more of a general sense can be simply described as "a strategy for passing each key leadership role within a company to someone else in such a way that the company continues to operate after the incumbent leader is no longer in control. Succession planning ensures that businesses continue to run smoothly after the business's most important people move on to new opportunities, retire or pass away". (Investopedia, 2016).

Within a family business environment, other interpretations of defining succession planning can be simply described as the 'transferring of assets', 'transferring of wealth', 'transition of the family business' and 'business continuance model'. My own personal preferred interpretation of what defines succession planning within a family business is an '*intergenerational business model*'. I strongly believe succession planning can be far more than just the transferring of assets and/or wealth.

**Figure 3. Passing To the Next Generation. From Saint & Co, Chartered Accountants**

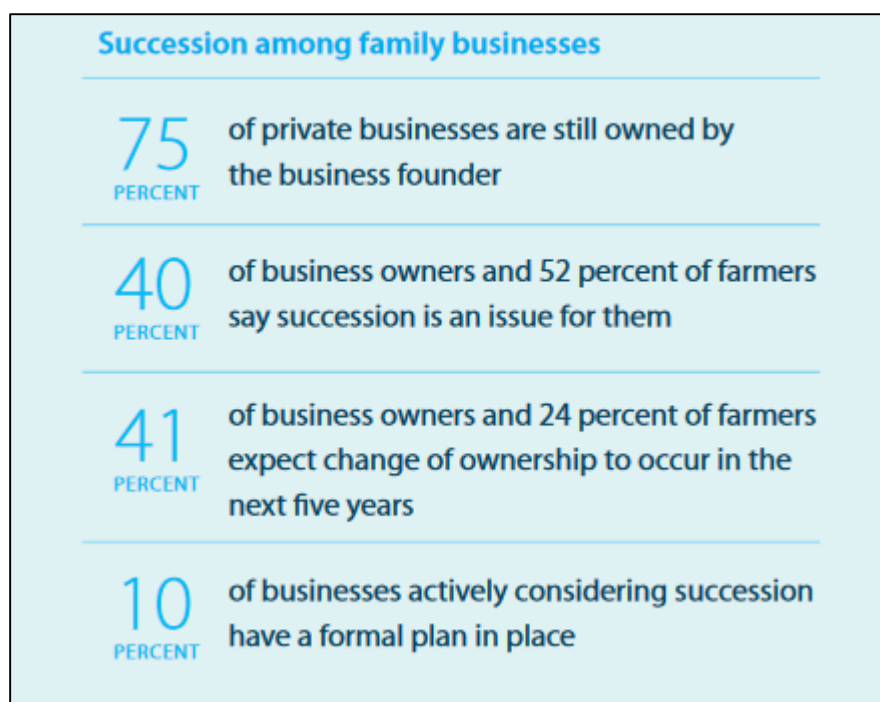


With reference to Figure 3, the concept of succession planning within a family business can often become daunting and thrown in the 'too hard basket'. It is not uncommon for individuals to become too focused on working within the business, and therefore allocating little or no priority to succession planning.

Many synergies can be drawn between a strategic business plan and a succession plan within a family business environment. In theory, the two processes require similar steps around planning and implementation if they are to be executed effectively.

The 2012 ANZ privately-owned business barometer results show some significant differences in the succession issues faced by family businesses compared to non-family businesses. "Compared with non-family businesses, family businesses have fewer barriers to succession. Yet family businesses are more likely to have conflicting shareholders or family visions and access to cost-effective advice." (ANZ, 2012).

**Figure 4. Succession among family businesses. From *Passing the Baton*, ANZ Bank Limited**



## 5 Research Methodology

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In the early stages of my research, reviewing literature was the main focus of my research. This shaped my thinking to a certain degree, but didn't particularly alter my perspective or thoughts on succession planning and governance within families. The literature I reviewed, more or less confirmed my initial thinking. I mainly focused on short form articles which were more concise in the interest of being efficient with my time. At the start of the Kellogg's course, I had begun reading 'Think Bigger' by Michael Hill which turned out to have some real gems around succession planning. Towards the end of my research, I also read a book called 'Keeping farming in the family' by Ian Ross Blackman.

My main method of research, and the most effective, was meeting with businessmen who are known within their respective industries for operating successful family businesses as well as a number of professional directors and industry advisors. Every person I contacted was more than willing to give up their time and share their knowledge and wisdom with me. In total, I surveyed 10 participants which I categorised into two types of respondents being producers/business owners and industry advisors. The producers/business owners included predominantly larger scale kiwifruit growers, as well as a large scale dairy farmer and a managing director of a large family owned car dealership. The advisors that I interviewed included a number of professional directors including a Zespri director, as well as a solicitor specialising in succession planning within farming families and a BNZ rural bank manager.

I conducted my surveys and interviews in a staged process, starting with kiwifruit growers, followed by producers/business owners outside of the kiwifruit industry and then finishing with industry advisors. I established early on in my interview phase that the most effective surveying method was to initially email my survey questions to the participant, allow them time to familiarise themselves with my topic before meeting with them face to face. When meeting with these people, I quickly worked out that rather than attempting to formally record their responses word for word, it was far more beneficial sitting down and having a general conversation, using my survey questions more as an agenda item for discussion.

I steered away from in-depth analysis of my interviews, however when interviewing I attempted to record key points from each respondent. When reconciling my survey results and compiling this report, I found that each person I interviewed identified at least one key theme which underpinned much of the content throughout this paper and significantly influenced my thinking.

When speaking with my survey participants, our conversations often steered away from my specific topic, and we spoke in great detail about different facets of family businesses in general which for me was a real highlight of my research. I also found that many of my survey participants appeared eager to hear my thoughts and opinions, for which I openly shared and I would like to think that

some of the people interviewed may have also potentially learned something from our conversation.

In summary, my face to face discussions with my survey participants provided the most valuable insight into succession planning and governance within families. My discussions with these people significantly influenced my thoughts and perspectives for which I have attempted to express throughout this paper.

## 6 Research Discussion

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### 6.1 Introduction

There are significant advantages to an intergenerational family owned business. "Warren Buffet is often quoted as saying that compound interest is the eighth wonder of the world. This obviously relates to the wealth building effects of receiving interest on interest over a period of time, in an investment portfolio. Likewise, transferring a business enterprise from generation to generation has the effect of compounding the wealth of a family." (Cooney, 2011).

It has been established that family businesses comprise additional layers of complexity, however when comparing them to non-family businesses, it appears they have fewer barriers to succession. So then why have so many families historically fallen apart through an attempt by a successor to transfer valuable assets to the next generation? What are some of the key ingredients to an effective succession plan, and what are some of the key processes and initiatives families can adopt to ensure their businesses achieve longevity and long-term prosperity?

### 6.2 Getting Started

Getting started can be the most difficult obstacle to overcome in any task. Family succession planning is a long-term process, and therefore starting the discussion around succession planning early is important and appeared to be a common theme throughout literature and our discussions with industry participants. By starting early, it allows this complex procedure to be discussed without time pressures. Succession planning is far more effective if it is addressed earlier on rather than under unforeseen circumstances such as a sudden death or health issues within the family.

Defining 'early' or when 'early is' can be a difficult task. What constitutes 'early' for one family business, may well be significantly different for another. Dependant on the maturity and scale of a family business will have an influence on when a suitable time is to commence discussions around succession. In the context of grooming the next up and coming generation, 'starting early' is simply including children and openly communicating with children about the business from a young age.

Different people have various opinions around at which ideal age a child should generally become involved in a family business. Again, there is no 'one size fits all', and different family businesses with different individual personalities will have varying opinions as to when that suitable time/age is. One of my survey participants was a strong believer in encouraging children to go off and pursue a career outside of the business, with the option to return home when and if they felt ready. I consider there to be merit in this, and can relate to it directly from my own personal experience. I believe consideration needs to be given to this concept, for two important reasons. One being that feeling of self-fulfilment and self-worth. To elaborate, self-fulfilment can be a

significant part of an individual's happiness, and encouraging a child to go off and pursue their own goals and aspirations, may have a significant impact on their overall long-term happiness. Secondly, encouraging a child to go off and pursue a career outside of the family business will most likely result in the child returning with a breadth of external knowledge which can be highly valuable by adding to the existing wealth of human capital within the family business.

'Starting early' can be more simply described as being proactive and planning for change before it's too late. Once a family business becomes established, and achieves a level of scale where it has capacity to include the next generation of family (assuming this is the desired outcome), is the time at which discussions around succession planning needs to commence.

Many of the war stories that I have heard, have been a result of the final outcome being attempted in one step as a result of unforeseen circumstances. For family succession to be successful, it is important to include children in the business from a young age and openly communicate about the business. Strong family values, family culture and family identity appear to be some of the key foundations to successful family businesses and these need to be installed into children from a young age. "Change does not have to happen immediately, but planning for change does." (Cooney, 2011).

### 6.3 Business Profitability

Although our research predominantly focuses on succession planning and governance within family businesses, business productivity and financial performance should always be first and foremost. Generally speaking, the harsh commercial reality is that any family business which does not perform financially, is incapable of becoming an intergenerational business and providing opportunities to future generations. Profitability provides options.

### 6.4 Communication

Effective communication within the family is one the most critical processes in establishing an effective succession plan. This includes being a good listener. At the face of it, this may all sound reasonable straight forward, however when opinions differ and emotions are involved, effective communication can become difficult.

"Communication is the exchange of information between individuals – information that can be exchanged in a variety of ways; written, verbal, body language, gestures, drawings, signals art, literature, etc. It is so ingrained in who we are as humans that it takes a conscious effort to NOT communicate at all. Effective communication is non-judgmental. The message and its implications are fully understood by both parties. Remembering that approximately 75% of communication is non-verbal is essential in ensuring that what you intend to say is what is understood. Effective

Communication is hard work but the rewards of getting it right far outweigh the consequences of getting it wrong." (McLeod, Family Business Continuance: A Global Perspective, 2009).

"A lack of transparency and ineffective communication between family members are cited among the main causes of conflict and failed management transfers." (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014).

"Without effective communication within a family business, decisions are made based on assumptions. Assumptions lead to misunderstandings, and misunderstandings lead to conflict." (Flannery, 2015).

"There are at least nine barriers to communication between generations:

- Avoidance of raising issues uncomfortable to discuss
  - Assumption everyone has the same expectations / understanding about the future
  - Resistance to change
  - Fear of an unknown future
  - Desire to avoid conflict among family members
  - Uncertainty about individual family members' plans for the future
  - Established family decision-making patterns
  - Difficulty in facing realities about growing old or giving up control
  - Avoidance of having to make difficult decisions about the distribution of assets"
- (Kaplan, 2008)

Emotion is an important consideration in any family discussions, particularly around succession planning. "People are creatures of emotion, not logic. Everyone brings emotion to the table, the key is working out how you deal with it." (Bowie, 2015).

## 6.5 Governance and Disciplines

Good governance within a family business is "the glue that will hold the enterprise together." (Cooney, 2011).

"Recognising the separate, but related, function of family, management and ownership in a family business is the first step towards governance." (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014).

Discipline became a common theme throughout my research and during discussions with industry participants. Having strong discipline in any set task is essential to achieving a successful outcome. Governance in itself is a form of discipline, and in my opinion they are strongly inter-related. Strong discipline within a family business, can be the skillset that ensures the family relationship is protected.

Because of the complex nature of any family business, having good discipline across the different facets of the business is essential in order to successfully navigate through some of the challenges faced. Governance within family businesses is a tool used to provide some framework around these disciplines.

Essential disciplines required within family businesses are outlined below;

- Defining roles – each individual within the business has a clearly defined role.
- Individual accountability within the family business.
- Effective communication, when and how? Formal or informal?
- Separating quality family time from business time.
- Separating out the operational side of the business from the asset itself.

Within a kiwifruit context, or any other agri-business where a certain level of operational input is required to ensure performance of the asset itself, it is important to separate out the operational side of the business from the income producing asset itself. This is particularly important within family businesses where more than one family member is involved in the business, as it provides a mechanism to co-ordinate the business in a manner which can transpire to be more arms-length and commercial in nature. This type of structure allows individuals working within the business to be rewarded fairly for their time and input, which also provides a solution to a family business where other siblings may not be involved. "Keeping the roles of family members, management and owner distinct is vital to the success of both the family and the business, and is what governance in a family business is all about." (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014).

## 6.6 Fairness and Equality

A common phrase often referred to on the topic of family succession planning is 'acting in a manner which is fair and with equality'. Equality can be defined as 'the state of being equal, especially in status, rights, or opportunities' (Google, 2016). To distinguish between the words equality and equal - equal means the same amount, equality means a fair and impartial amount. The underlying reality of succession planning within family businesses is that if it is the wish of the successor to retain the family business within the family, then it will in most cases be impossible to be equal when two or more children are born into the family. Generally speaking, the only possible way to be equal, is to sell the asset/business and split the profits equally among siblings. In order for an intergenerational family business to be established successfully, families need to face the reality that outcomes may not always be equal, but if managed correctly then they can always be fair. Overcoming this obstacle, comes back to effective communication and transparency within the family.

## 6.7 Family Business Meetings

A common process used within family businesses is regular meetings. Again, there is no one size fits all around the structure of these meetings and this process may not be suited to all family businesses dependant on the business nature and scale. However, regularly scheduled family meetings can provide an opportunity to formally discuss business related matters, allowing families to separate business discussion and quality family time. Provided below is a family business meeting framework/guideline provided in the Beef + Lamb Farm Ownership and Transition Workshop Resource Book. (McLeod M., Farm Ownership & Transition Workshop Resource Book., 2014)

### Family business meeting framework/guidelines

- Set time, date and place
- Send out a written agenda and stick to it. Don't fall back into production-related conversations
- Appoint a facilitator with good decision-making and communication skills, diplomacy and the ability to deal with conflict effectively. If there is no one in the business, consider using an outside professional
- Set ground rules for acceptable behaviour, language etc. to ensure a safe place for open dialogue
- Understand each meeting participant's expectations, needs, wants and fears as it relates to the family business. These should be known and understood by all, as they may influence the decision-making process
- Appoint a secretary to take notes and circulate, to keep everyone informed and record what was discussed and agreed
- Family members commit to the process and report back to the facilitator progress on any tasks they are required to do as a result of the meeting
- Consider using a "talking stick" so people can speak without interruption



## 6.8 Independent Advisors

Some family businesses make a strategic decision to include independent advisors or directors in their business on the merit that they bring an impartial perspective to the table without the emotional ties to the business in comparison to family members directly involved in the business. Because of their impartial perspective, it can allow them to think more logically and clearly for the business overall. Most family businesses will have independent advisors in the form of lawyers and accountants, however independent directors and advisors are less common, particularly in smaller scale family owned businesses. Responses from my survey participants varied quite substantially. One end of the spectrum strongly recommended independent advisors considering them to be essential in any family owned business. Conversely, the other end of the spectrum expressed a certain degree of reluctance towards the concept of which I found surprising, given the perceived scale of their family owned enterprises. A common theme throughout my research was the requirement for any independent advisors to have obtained the respect of all family members for them to be able to have a positive influence within the business. In addition to this, independent advisors need to obtain a thorough understanding around the family dynamics and the core family values underpinning the family business.

## 7 Conclusions & Recommendations

"Family succession is a difficult situation to fairly conquer. The fear of the unknown or just not knowing how to, may be putting people off from starting. However nothing was ever achieved without starting. There are many different ways to approach the subject, however not all of these will be effective." (Flannery, 2015).

Considerations requiring thought and discussion when implementing a succession plan are noted in a concise manner below;

- Start early
- Openly communicate with the entire family about the succession plan objective
- Confirm and record the goals and objectives of the family succession plan
- Define roles for each individual within the family
- Consider skills within the family, is upskilling required? If so, how can the family assist?
- Review the financial capacity of the business. Is it a financially viable option?
- Confirm and record proposed timeframes
- Discuss and seek legal and accountancy advice around ownership and management structures
- Consider a reviewing process and how to hold individuals family members involved accountable
- Get on with it.

Refer to Appendix B which provides a detailed checklist (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014) to assist in initiating the succession process and identifying what might be required in the way of resources.

"Time moves faster than most people realise. Be as fair as you can, but be realistic that you won't always be able to be equal." (Anonymous, 2016).

"Succession in a family business only really succeeds optimally when it is prepared for in an atmosphere of joint commitment and when the process, which is inevitable, is viewed as confirmation of success." (Frost, 2016).

Generally speaking, I have formed an opinion that modern day family owned businesses, particularly in the agri-business sector are becoming more astute in their strategic business processes, and effective succession plans are becoming more common. Technology has allowed higher levels of knowledge and information sharing, equipping family business owners with the resources required to tackle this complex and daunting task.

I believe the general perception of succession planning being 'the transferring of assets' or 'the transferring of wealth', has been an underlying issue which has historically installed hesitation and

procrastination within families faced with the issue of succession planning. In my opinion, family succession planning should be perceived as the '**Creation of an Intergenerational Family Business**'. When perceived in this different context, the entire dynamic of succession planning changes and it conversely becomes an exciting opportunity to leverage off the families existing wealth and create investment and employment opportunities within the family with longevity and future prosperity.

Family succession planning starts with family values first and foremost. Family values need to be installed into children from a young age, with strong encouragement towards a supportive environment and a culture within the family where successes are graciously celebrated. Inspiration to have high values and character, encouraging children to buy into a strong family identity which they can be proud of. Open communication with children about the family business from a young age allows children to gain an understanding of the family business and is an important step towards creating the foundations of a successful **Intergenerational Family Business**.

Succession planning within a family business will not occur organically. The earlier it is addressed, the better chance it will have of being a smooth and enjoyable transition as opposed to a stressful process with unfavourable outcomes. "Change does not have to happen immediately, but planning for change does." (Cooney, 2011).

The general dynamic of family succession planning across the different generations, has changed significantly. Once upon a time, very little or no regard was given towards being fair and having equality during an era where it was common practice within farming families to gift the family farm onto the oldest son without any consideration towards the other siblings. The high number of 'war stories' which appear to be well known throughout New Zealand, I believe have most commonly been the result of this traditional style of succession planning.

Having discipline and sound governance procedures is an essential part of co-ordinating the complex nature of a family owned business. It provides a framework to manage conflict, encourages transparency and allows the business to be steered in its desired direction. A clear vision and purpose for the family business is essential in keeping the business on track and allowing a governance structure to achieve the desired outcome of a family owned business. Having discipline within a family business in a broad sense is an essential ingredient to its success, and this ranges from having discipline around when and how to communicate over business matters and the discipline to being able to separate quality family time from business related matters. In an agribusiness and kiwifruit context, separating out the operational side of the business from the income producing asset itself is an essential structure required to ensure distinction between the different roles of family members, management and the asset owner.

Effective communication is another essential part of establishing and implementing a successful family succession plan. This requires the ability to be able to sit down in a formalised manner and listen to each individual within the family rather than drawing conclusions and making assumptions about other family member's needs and aspirations. The ability to have these discussions, will ensure transparency within the family and mitigate conflict. "A lack of transparency and ineffective communication between family members are cited among the main causes of conflict and failed management transfers." (McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014).

An **Intergenerational Family Business** provides the opportunity to build an empire within a family creating endless opportunities within a family, and I challenge anyone reading this to 'think bigger' and focus on adopting some of the thinking and processes identified throughout this paper.

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## Appendix A Survey Questions

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1. How would you describe the process of 'Family Succession Planning'?
2. Please list the main steps in implementing an effective family succession plan.
3. How would you describe the process of 'Family Governance'?
4. Please list some of the main issues you think family businesses generally face at a governance level in comparison to a corporate company?
5. In your opinion, what are some of the key governance processes and initiatives that successful family businesses implement well?
6. When making an important family business decision, have you successfully used certain decision making tools to arrive at a decision? If so, please briefly describe this process.
7. Do you involve independent advisors / directors in your family business? If so, what are some of the main benefits of having an independent person involved?
8. In your experience, how and why do issues generally arise in family succession plans and governance structures? How do you think these issues might be avoided?

## Appendix B Checklist on Family Farm Succession

### Checklist

To help you start your journey, this checklist helps you determine where you should start and what you may require in the way of resources.

Think about what timeframe you need to start distancing yourself from daily activities; who might take over the

family business and when this process should start. It will also help you determine who should be involved, where and when. It is recommended spouses and partners of your children are involved as they play an important role in the lives and decision making of your family.

	Notes	Resources	Timeframe for completion
<b>Retirement Plan</b>	What is your total current expenditure? How much income do you need to support your desired lifestyle? When and over what timeframe do you plan to distance yourself from the business?	Historical budgets Statement of current expenditure and what it includes Lifestyle wish list	
<b>Successor Identification and assessment</b>	Have you identified a successor/s? Has he/she agreed to be so? Do they have the right skills, knowledge and attitude? Can they learn?	Vision for the business Skills and knowledge for business growth Position description Skills and training assessments	
<b>Viability assessment</b>	Is the business viable or can it be? Can it support the income required by the successor in addition to the owners?	Financial accounts Equity position Asset valuation RoI/roc	
<b>Documents</b>	Are all the business and personal documents in a known safe place? Are they up to date and will they achieve the desired outcomes?	Wills Power of attorney/ enduring care Loan documents Insurance documents Company/partnership agreements Guardianship Other legal	
<b>Stakeholders</b>	Family Professional Key management	Business meeting skills Role identification Communication and conflict resolution Decision making process	
<b>Contingency</b>	Are you prepared for: Death Divorce Disability Disaster Dispersal of assets		

(McLeod M. , Farm Ownership & Transition Workshop Resource Book., 2014)