



A fill-in-the-blanks start to **farm transition**



A fill-in-the-blanks start to **farm transition**

Farm financial experts often use visuals to get people thinking about their business in different ways. Bob Tosh of MNP in Saskatoon uses a three-circle model similar to our example here, but he readily admits he didn't invent the concept.

And there's more to these three circles than meets the eye – especially where they meet. The large areas seem relatively straight-forward. There's the farm family, those involved in ownership of the farm, and those involved in its management.

Although the family and ownership areas should be clear-cut, when family members have separate operations that are intertwined, these too can become complicated. Take two brothers who farm together, and own some equipment jointly. Sorting it all out can be problematic when upcoming generations want to become involved.

Ask yourself this ...

Who really are the managers on your farm? Who has the final say on a major purchase decision? Who takes the lead on production decisions? Has any of this been agreed to and recorded? What about Tony, who only helps out on the farm occasionally but always has opinions on what the farm should be doing? He's part of the family and he might consider himself part of management, but does anyone else think that?

Moving forward

If you're able to slot all the people into the various categories, a logical next step is to project into the future. How will the ownership and management change in the years ahead? Make sure there's a plan for the road ahead – and everyone knows where to find the roadmap.

Stimulate thought and discussion

When you consider your farming operation, how easily can you put names in the appropriate circles in this graphic? The overlapping areas of the diagram are where things get really interesting. Do you see any gaps?

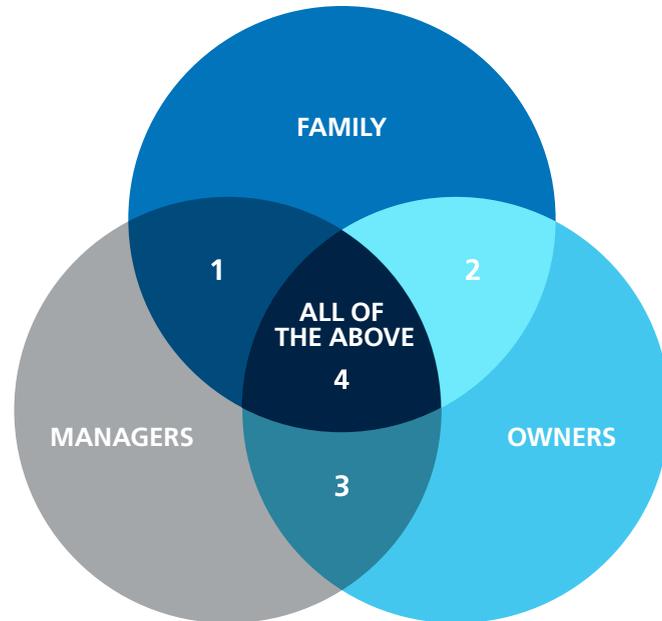
Fill in the blanks based on your operation.

1 FAMILY + MANAGER

2 FAMILY + OWNER

3 MANAGER + OWNER

4 ALL OF THE ABOVE



HINT: try starting with Area 4

Area 1: Family + Manager

Members of the family involved in management who do not have an ownership stake in the operation. (Imagine a daughter who leaves a job with an accounting firm to serve as the chief financial officer for the farm. She's family and management, but doesn't yet have an ownership position.)

Area 2: Family + Owner

Members of the family who have an ownership position and are not involved in management decisions. (Perhaps Grandpa and Grandma are fully retired, but they still own some of the farmland.)

Area 3: Manager + Owner

Owners who are part of management and not part of the family. (A long-time employee might move up to a management role, and even have an ownership position, even if they're not a blood relative.)

Area 4: All of the above

Family members who are owners as well as managers.



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