



Being a lender is a great profession. We have the opportunity to work with different businesses and see many different aspects of multiple operations. Even though most

farm operations are unique to their own way of management and practices, there is one question that impacts all farm and small business owners at some point: **what is going to be my succession plan?**

Every business owner has put their blood, sweat, and tears into their operation, and it is truly a part of their purpose in life. There also comes a time, within our control or out of our control, when we need to implement a succession or transition plan.

Over the years there are two things I've learned to respect dearly with customers - their family and their finances. Once the succession topic is brought up, you usually see the family and finances intertwine in the conversation and this can cause heightened emotions.

The old saying goes, "there are two things we cannot avoid in life - death and taxes". Both of these unavoidable things can alter the farm operation and dictate if the operation's core structure will continue to exist or be changed. Knowing we someday will all be faced with these two variables, we can help minimize disruption of the business by having a well thought out succession plan in place.

We do see a pattern, at times, with the next generation. Whether this generation is in their thirties, forties, or even fifties, they are nervous to bring the succession topic up with the current generation running the operation. The next generation does not want to look like they are inheriting or money driven. However, most individuals have plans and goals in life and not asking the right questions can make them feel like they are in limbo and uncertain with what will take place with the growth of assets, potential partners, and debt.

Most people want to see their hard work and legacy carried on with the operation that they created. In this case, **succession planning is something that is built upon trust and should be started sooner rather than later.**

The first step in this process is **communication**. Communication is vital for all individuals involved. Believe it or not, the most important part of communication is maintaining a clear mind and listening to all view points before responding. This gives everyone a chance to voice their thoughts, ideas, and in some cases, concerns. Once the dialog is started many assumptions can be eliminated and people can gather the facts from the others involved.

After communication has been established, it's time to implement a **plan of action and set goals** that all parties involved feel are measurable and realistic to making the succession planning successful. During this stage you will probably have family meetings and invite all family members that are impacted by the decisions being made to ensure no concerns or aspects get over looked. Once you have accomplished the communication, plan of action, and goals setting phases, you have built the foundation of your succession planning and eliminated some potential obstacles to insure you are moving in the right direction.

It is also beneficial for you and your family to **build an advisory group** of individuals you would consider professional experts to help along the way. This advisory group could be made up of your CPA, attorney, your UBI loan officer, or even some individuals from our other UBI affiliated departments such as our Farm Management, Trust, or United Investments & Insurance. This advisory group will be a group that you trust and feel comfortable with to help guide you through any or all stages of the process.

I hope this article helps start the dialog on a topic that many might be thinking about in the back of their mind as they are getting ready for harvest. Over the years of lending, I have learned that **it is never too early to start succession planning**. Most importantly, please remember the staff at United Bank of Iowa values the relationship we have built over the years with you. We are always willing to assist you with your planning needs. Have a great and safe upcoming harvest.

Jim Friel
V.P. Regional Branch Manager, Carroll Office



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