



Farm Management Fact Sheet

Succession Planning



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What is Succession Planning?

Succession planning is the process by which the founder or owner of an existing agribusiness transfers their knowledge, skills, labour, management and control of ownership to the next generation of ownership. The “next generation” may or may not be a family member.

Succession planning, whether it involves a farm business or any other type of agri-business, is a process, not an event. Succession planning involves several steps, with special considerations at each step before the plan is complete. This transfer usually happens in steps:

Transfer of knowledge, skills and labour

- A succession plan should include details of how to share knowledge and skills with the next generation. Often, the next generation will be working in the farm business and participating in day-to-day operations. Acquiring knowledge and skills happens over time and may occur through a direct, hands-on approach, or via formal education and learning opportunities.

Transfer of management

- Gradually, as the next generation is included in management decisions (production, human resources and financial decisions), you will begin making fewer management decisions.

A good succession plan outlines how this will happen, who will be responsible for each aspect of decision making, and a timeline for the transfer of all areas of decision making.

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Control of ownership

- This is the last aspect of the farm or business to be transferred. Control of ownership involves the transfer of all, or a portion of, the business assets and decisions regarding the assets. Because of the complex nature of farm business transactions,



including financial and taxation, legalities and implications for family members, the final step is often the most difficult for the farm business owner.

The Succession Plan

Succession planning should be considered part of your annual business plan update and involves the following¹ :

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Preliminary Steps

- Open the lines of communication
- Define goals and objectives
- Identify a successor
- Assess compatibility
 - **Step 1.** Collect and analyze information
 - **Step 2.** Generate options
 - **Step 3.** Make preliminary decisions
 - **Step 4.** Design, develop, write and review
 - **Step 5.** Implement and monitor

Development of your plan involves you, your family, other stakeholders, and a team of professionals, such as lawyers and accountants who will help you make legal and financial decisions. The written plan should contain the following sections:

- Cover and Summary pages and a Table of Contents
- Executive Summary
- Description of the farm or agri- business
- Description of business and personal goals and expectations
- Retirement plan for founder
- Training and development plan for successor(s)
- Farm business plan
- Operating plan

- Labour, management and control transfer plan
- Ownership transfer plan
- Implementation timetable
- Communications plan
- Contingency plan

Other Resources

Canadian Farm Business Management Council. 2006. Managing the Multi-generational Family Farm. Available from Farm Management Canada, <https://fmc-gac.com/>

Ontario Ministry of Agriculture and Food. Farm Succession Planning Guide. Publication 70.

The Agriculture and Lands Branch of the Department of Fisheries, Forestry and Agriculture offers resources to assist with farm management, including short courses, consultations, publications, and financial assistance for eligible applicants.

For more information, please contact the Agriculture Business Development Division Farm Management Specialist in your area.

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¹ Farm succession planning steps and checklist. Nick Betts, Ontario Ministry of Agriculture and Food, Order No. 10-025.