

# Intergenerational transfers for strong and sustainable small and medium-sized farm family businesses

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# Summary of Project

- Identify plans and processes that have been used successfully by farm and non-farm rural family businesses
- Provide valuable information to help improve the long-term sustainability of family farm businesses

# Stumbling Block For Family Businesses

- 50% of first-generation businesses fail to survive into the second generation.
- Of those that do, only 13% make it to the third generation.
- Result: only about 20% of family businesses last beyond 60 years in the same family.

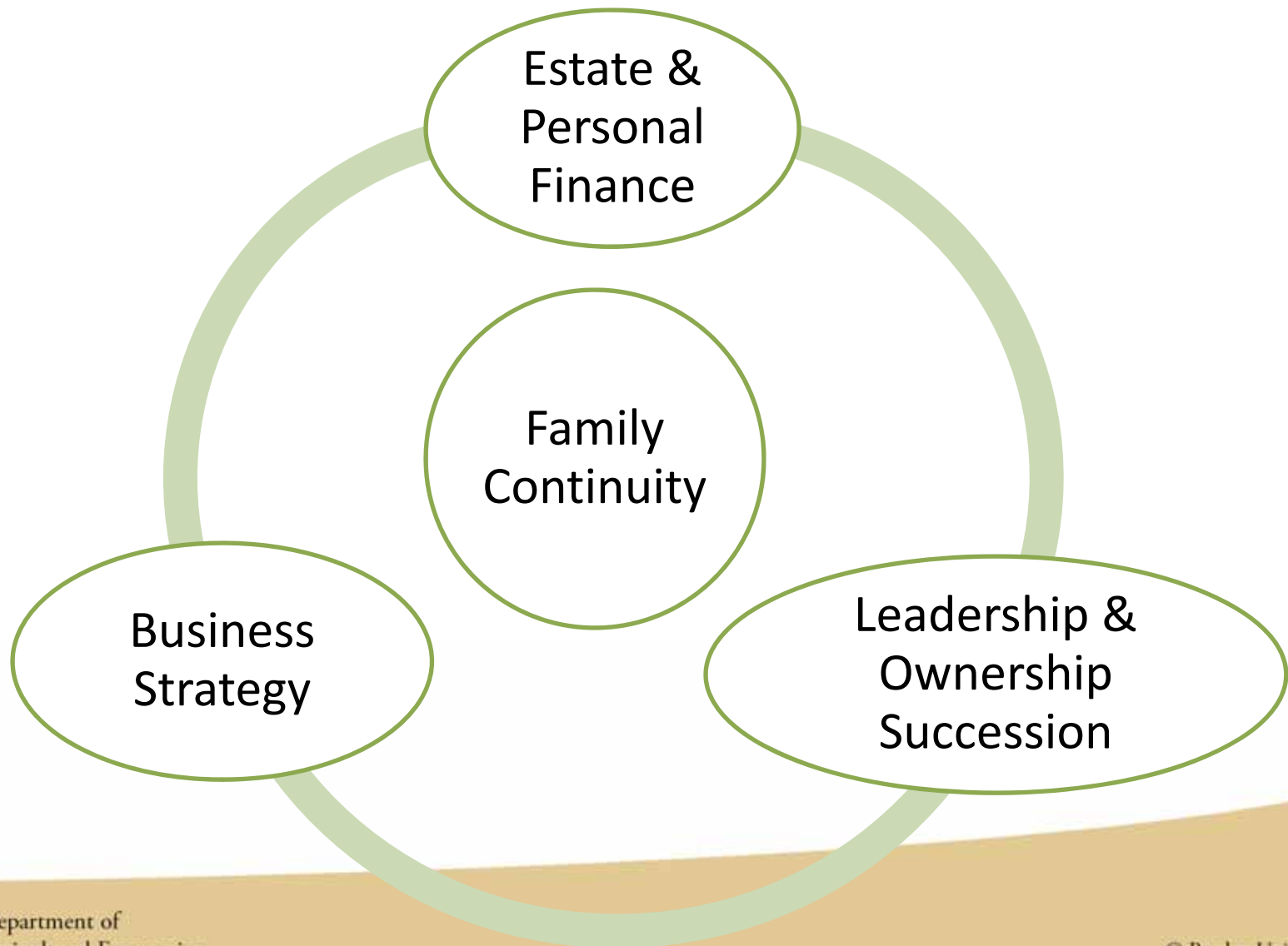
# Stumbling Block For Family Businesses

Why are the odds of succession so low?

No management succession plan!

- 80% of all business founders intend to pass their companies on to their children.
- But . . . 54% do *not* have a formal management succession plan!

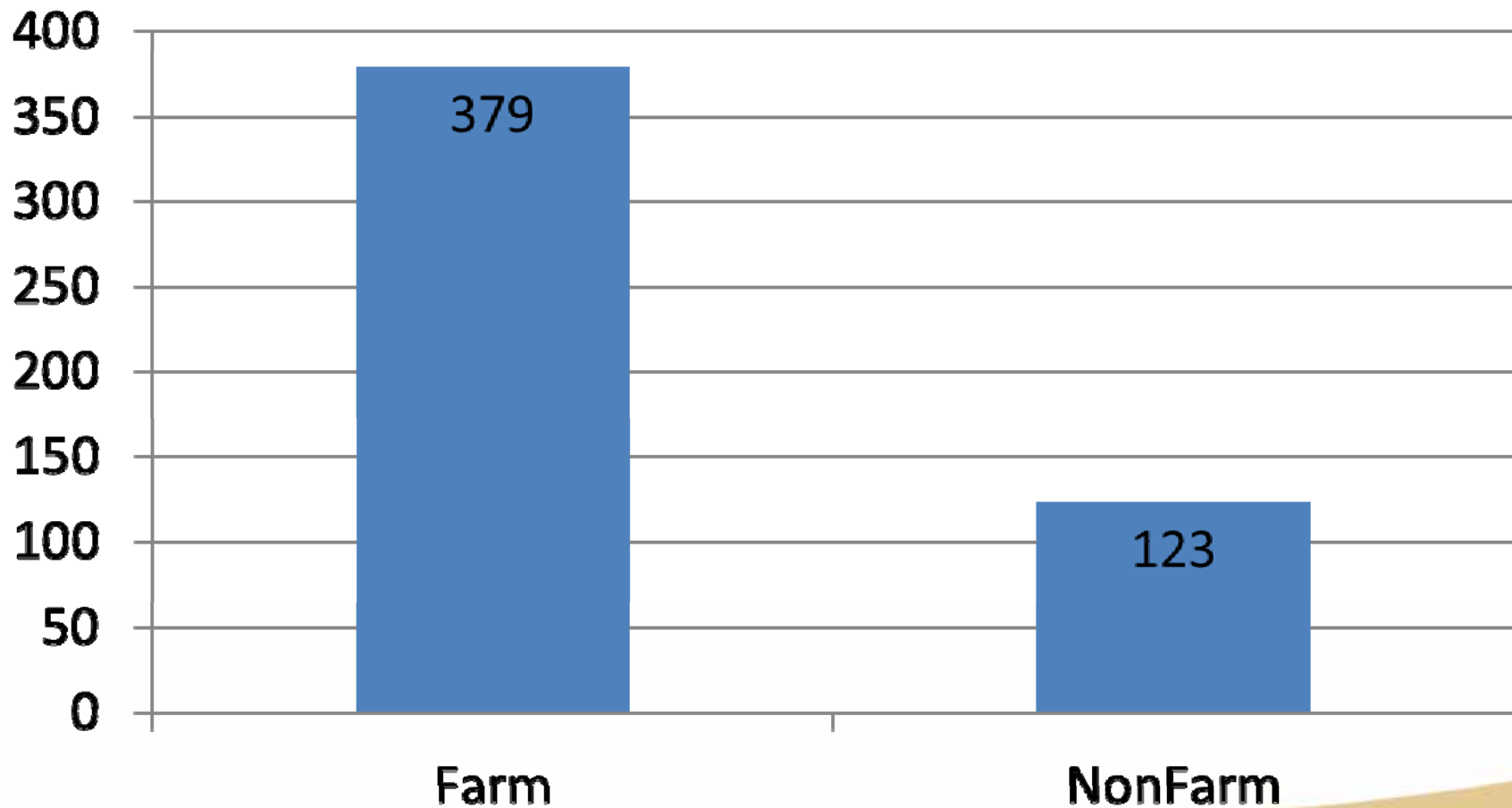
# Continuity Planning Triangle



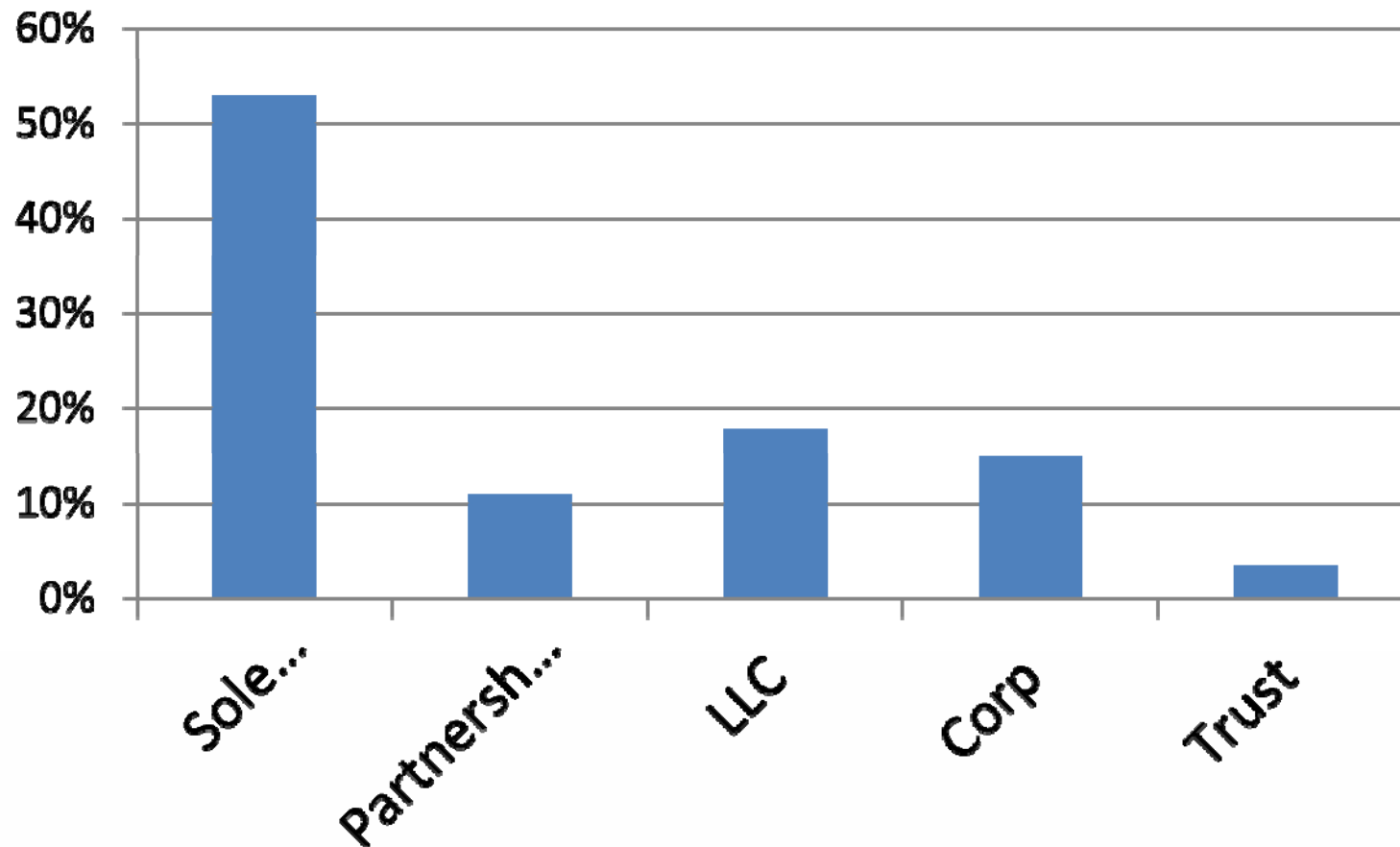
# Milestones

- Completed a pre-survey at Top-Farmer Workshop
- Completed drafting 30 minute telephone questionnaire
- Have conducted Farming Together workshops
- Tested hypotheses using Agricultural Resource Management Survey (ARMS) data
- University of WI Survey Center conducting 30 minute interviews with small and medium sized farms in IN, IL, OH, and MI and small family businesses in IN.

# Type of family business

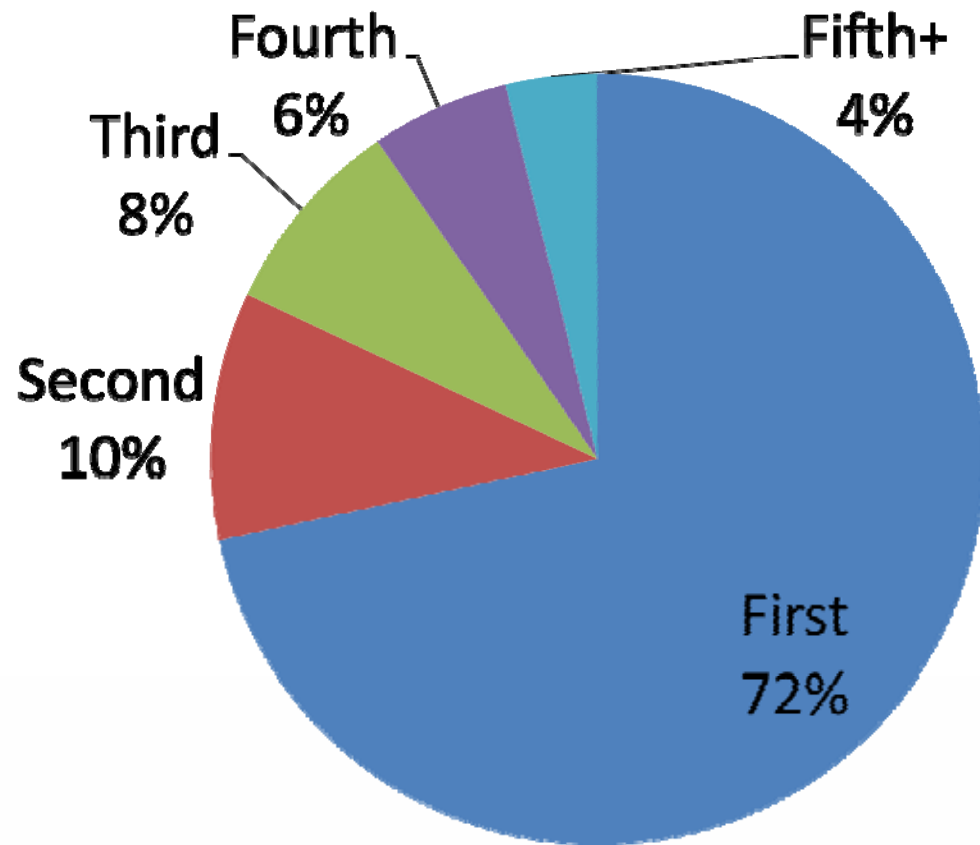


# Business organization

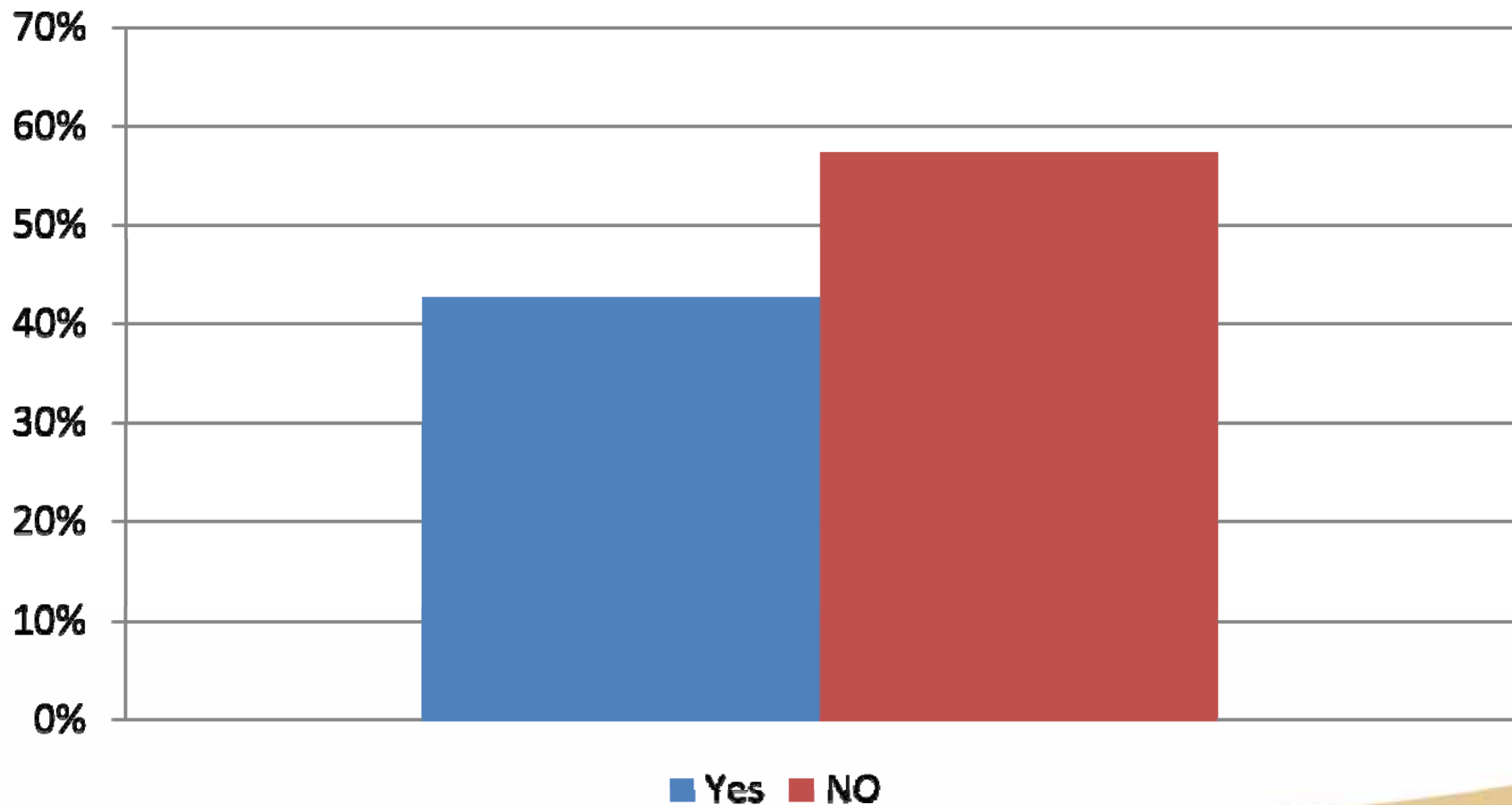




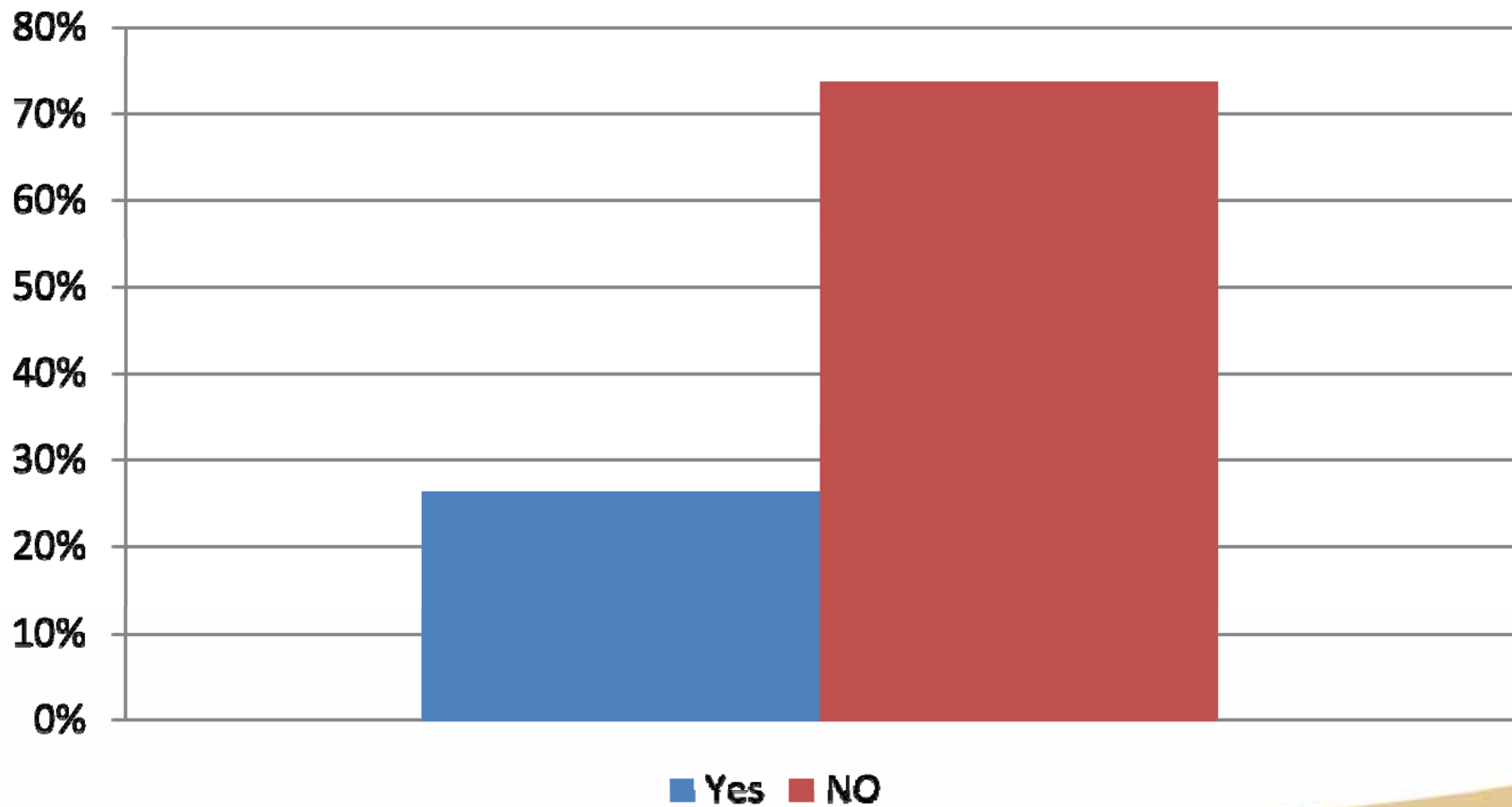
# Generation



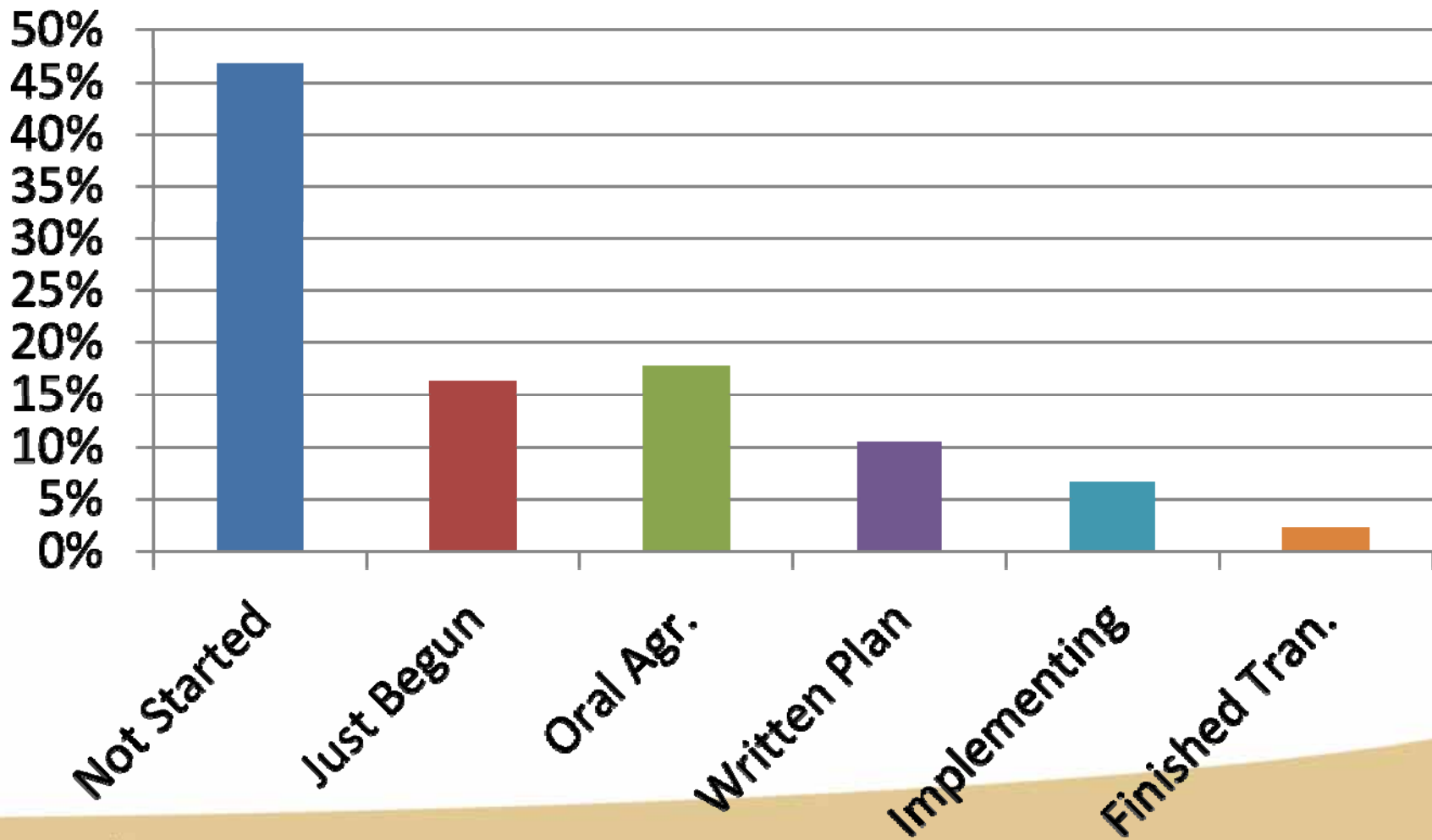
# Had a successful transfer



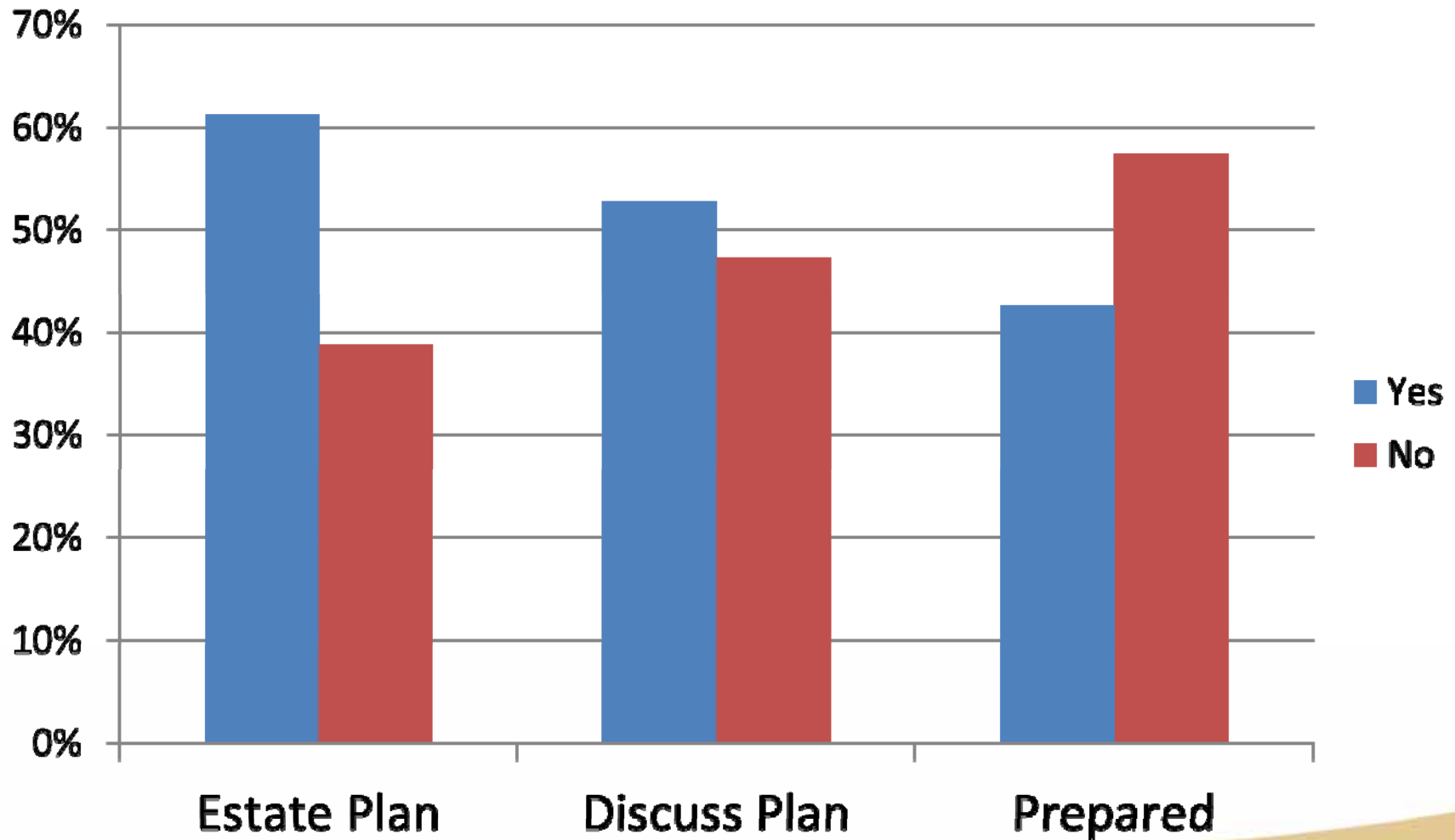
# Chosen a successor



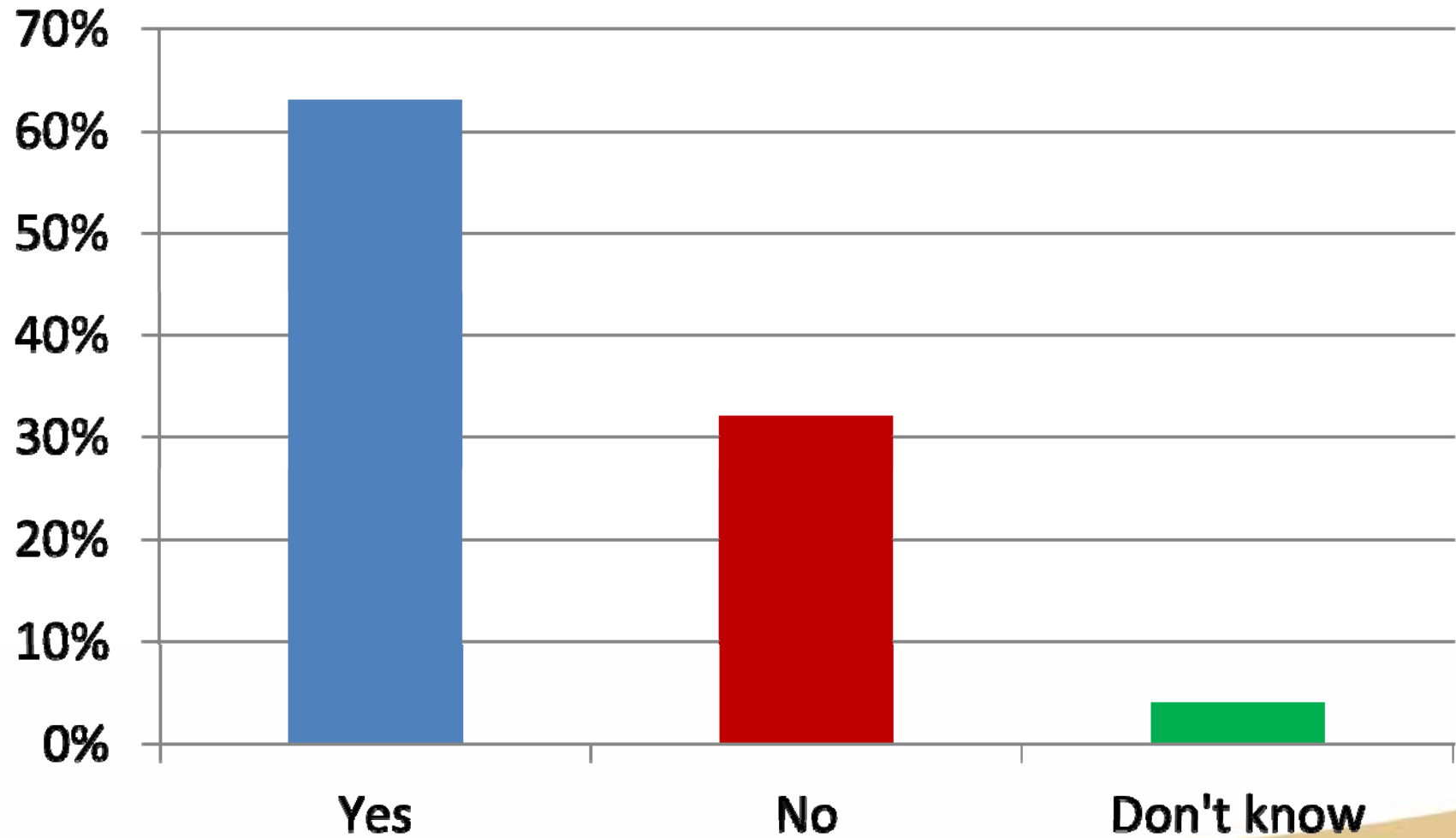
# Stage in management transfer process



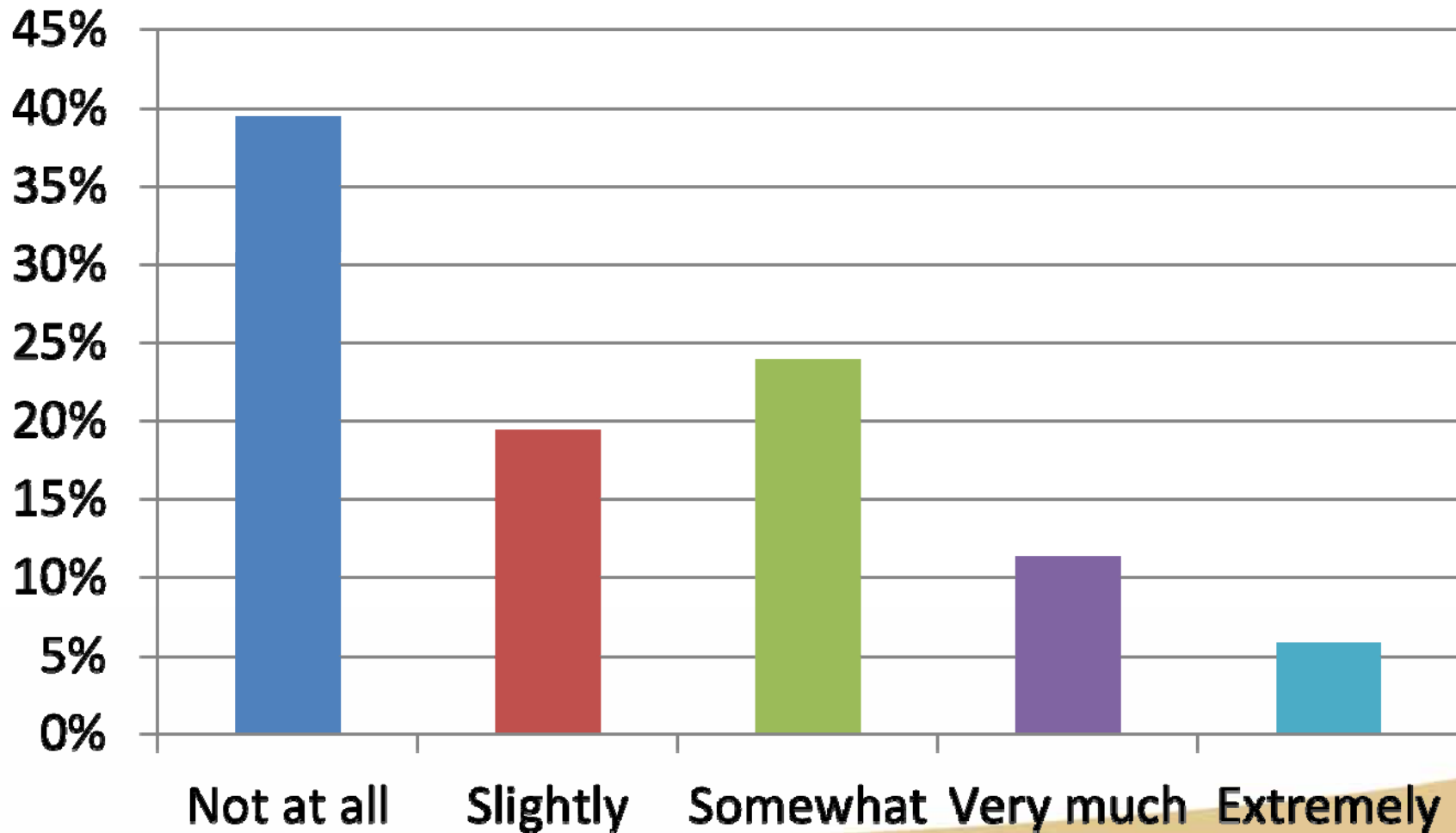
# Discussed estate and transfer planning



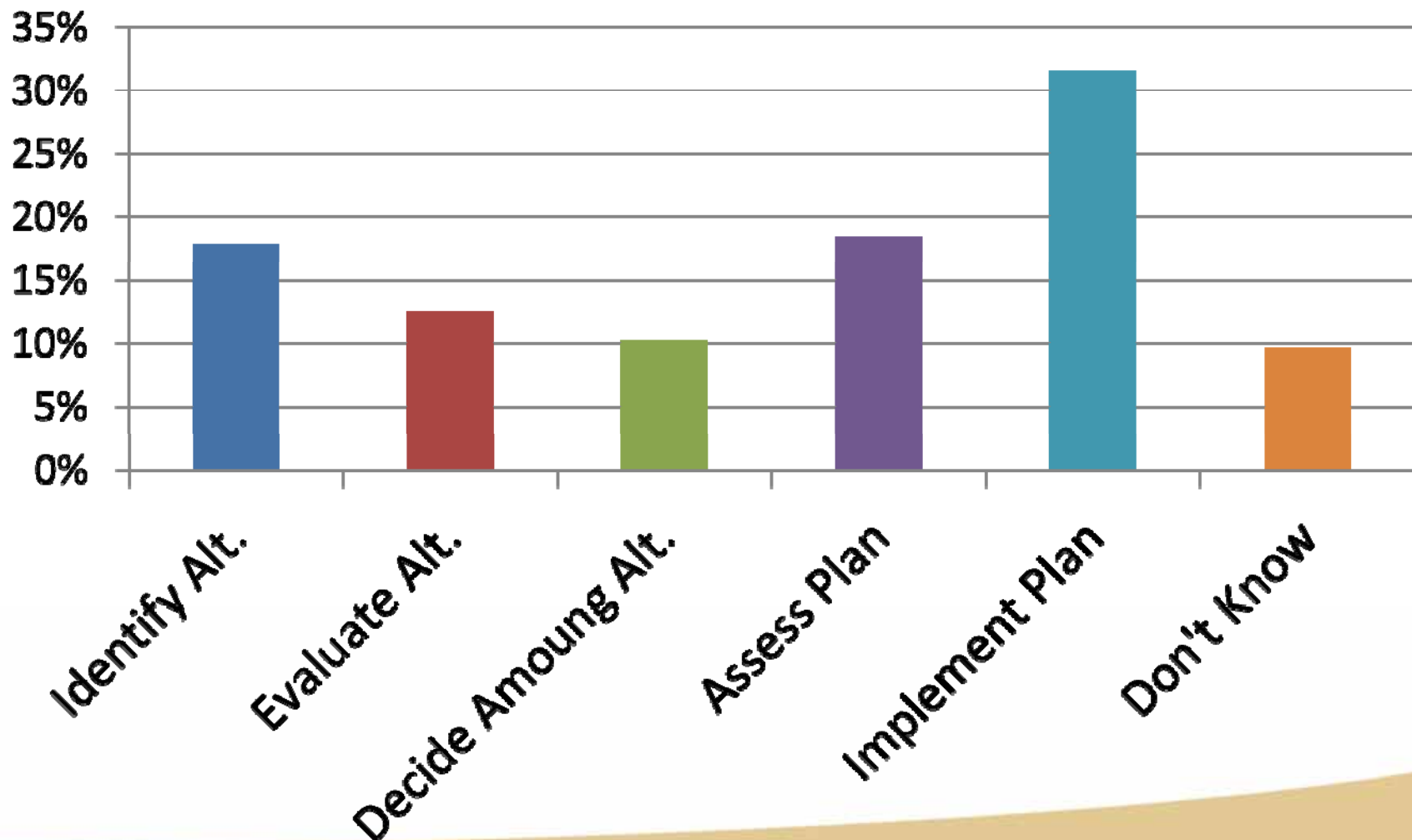
# Enough capital to implement plan



# Lack of common goals is barrier to successful transfer



# Stage in planning process when outside help would be most critical





# Outcomes

- Enhance Teaching
  - Farm management courses
  - Succession planning
- Enhance Extension
  - Farming Together Workshop
  - Family Business Program
- Publications
  - Submissions to *Applied Economic Perspectives and Policy* and *Journal of Family and Economic Issues*

# Thank You

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