

# Experts cut through the confusion of business transfers

Analysis and advisory teams bring expertise to the table when families sit down to transfer their dairy businesses

By John Conway and Jason Karszes

You might grumble about paying people for their time and advice. After all, you don't get something tangible like a slab of concrete or better ration. But when it comes to transferring your dairy business, paying for the expertise of analysis and advisory teams yields a high return.

Your success with analysis and advisory teams improves if you:

- Set goals, a mission and objectives for the future of your business before you meet.
- Have a history of in-depth financial analysis and reliable production records.
- Have completed the questions in "Is your business worth transferring?" - the first article in *The Manager*.

## Types of teams

Two kinds of teams make sense in the business transfer process. People you select to be on the teams should fill the gaps in your knowledge and information.

**1. Financial and production team.** A financial consultant and/or banker, nutritionist, veterinarian, extension personnel or other production-oriented professionals can evaluate the financial and production areas of your dairy. Their analysis is best put in a Strengths, Weaknesses, Opportunities and Threats (SWOT) format.

**2. Farm transfer team.** Using the SWOT analysis, this team presents transfer options and helps business partners to sort through them. Members may include a retirement planner, family counselor, tax advisor, attorney or other professionals.

Generally, the financial/production team does its work at least a couple months prior to the farm transfer team.

## How to organize transfer teams

The following steps to organize transfer teams can help:

- Have everyone involved in the transfer draft objectives to accomplish in the process. These can include a time line, division of responsibilities and management abilities that the younger generation must develop.
- Contact the most trusted potential advisory team member. Besides asking the person to be on the team, ask for suggestions on refining your objectives.
- Contact additional team members. Tell them the objectives of the transfer. Set a meeting date, place, starting time and total time for the meeting.
- Have team members collect and distribute useful information prior to the meeting. A retirement/financial planner might provide a copy of a plan from a business similar to yours. A family counselor might have the business partners fill out some checklists to help build understanding of family relationships.
- Select a meeting leader who can move it along, bring out everyone's ideas, stay on the agenda and stick to the time.
- Hold the first meeting and focus on the most general objective(s) of the transfer. Involve all family members who have an interest in the business and the transfer - even a son- or daughter-in-law who may not be directly involved in the business.
- Summarize tasks or services each person agrees to deliver.
- Set the date for the next meeting, a timeline and a distribution plan for information needed.
- Remember that time is money. Take charge of the meeting and manage it to get the information you need. ■



## FYI

■ An Analysis Team Guide, adapted from work at the University of Minnesota, is available to help you form and direct teams. Contact Robin Huzinga at the PRO-DAIRY office (607) 255-4478. E-mail: rmh14@cornell.edu

■ The Cornell University Dairy Farm Business Summary is an excellent example of a financial analysis that you will need as your transfer you business. For a copy, contact Faye Butts at the Department of Applied Economics and Management, 358 Warren Hall, Cornell University 14853. Phone: (607) 254-7412. E-mail: feb1@cornell.edu

■ Avoid analysis paralysis when measuring production parameters by using Finding Those Strategic Critical Management Points - A Guide to Measuring the Effectiveness of Dairy Farm Production Systems, available also by contacting Robin Huzinga.

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