



# The Windsock

## 14 Critical Questions for Succession Planning

"Don't be afraid to ask dumb questions," John Baker advised participants at the New Century conference at the Pioneer Hi-Bred headquarters. "They're more easily handled than dumb mistakes."

According to Baker, research shows that the sooner a small business begins succession planning, the greater the likelihood of a successful transfer to the next generation. But he acknowledged that such discussions often are difficult.

"It shouldn't be surprising that the older generation is hesitant to start the process," he said. "But families need to move ahead with the conversation, even if it takes place by bits and increments."

He suggested beginning with these six critical questions:

1. Is there a desire to continue family ownership of the family business?
2. Can the family withstand the stress generated by succession planning?
3. Is there a successor capable of managing the family business?
4. Does the successor want to manage the family

business?

5. Will the owners recognize the authority of the successor?
6. Will the owners transfer managerial authority to the successor?

Succession planning goes hand in hand with estate planning, Baker said.

"You need to ask specific questions," he said. "Most of you will be hesitant to ask some questions that need to be answered early on." This list may include:

1. Will the owners actively manage the development of a business succession plan?
2. Have all interested parties been identified, informed and involved?
3. Has a decision-making process been agreed upon by all parties?
4. Have the parties developed a compatible vision of the future of the business?
5. Have key positions been identified and have training plans been developed for these?
6. Has an estate plan been developed that provides for an equitable distribution of

business property?

7. Have all important parties been made aware of the details of the business succession plan?
8. Have contingency plans been developed?

Baker works with many young people who plan to return to a family business. He offers them a plan called "The Critical Path Method" for moving the discussions forward.

"The urgent is the enemy of the important," he said. "Routine business activities get in the way because they are more urgent. But they're not more important. That's why you have to develop a systematic approach to planning."

The first step is to identify the necessary resources in this process. This ranges from assembling family members to a compiling inventory of business assets. "Succession planning is like any other complex project," he said. "You need to calculate a minimum time for completion of each step and prioritize the activities that need to be completed. Most people tend to underestimate the amount of time required."

*Continued from page 1*

Family reunions, Christmas dinners and other emotional events are not the time to initiate succession planning, Baker said. "You need to get away from the business," he says.

"People will say that they are not in the mood to plan during those occasions."

Before the younger generation makes a commitment to returning to the family business, Baker recommended working for a wage first.

"It's a lot easier to leave during a testing or trial stage of the process," he pointed out.

If the business successor is married, don't leave out the spouse. "One common mistake is that families exclude the daughter-in-law from meetings," he said. "They say, 'We just want the family.' The reality is when you get married, your loyalty is to your spouse and your children."

He emphasized the importance of written agreements at every step of the way. "The only thing you know for sure is that the unexpected will happen," he said. "My dad always said, 'If it can, it will, and it will at the most inconvenient time.'"

He told the young students, "Your dad's word may be good, but over the years we tend to remember what is important to us, not what is important to someone else," he said. "The written word also requires you to define things more clearly."

In some cases, families may need to hire a facilitator to help them. "If no one wanted to do the books for the business, you would hire someone, wouldn't you?" he asked. "Succession planning requires the same degree of importance."

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## AAAA 35th ANNUAL GENERAL MEETING

### Monday, November 14, 2005

8:00 - 9:00 a.m.	Breakfast with Exhibitors
9:00 - 10:15 a.m.	Wild Rose Protective Fund Annual General Meeting MEMBERS ONLY
10:15 - 10:45 a.m.	Coffee Break with Exhibitors
10:45 - 11:45 a.m.	<i>Credit Session (Jeff Grubs)</i>
12:00 - 1:30 p.m.	Lunch w/exhibitors
1:30 - 2:30 p.m.	<i>Credit Session (Jeff Grubs)</i>
2:30 - 3:00 p.m.	Coffee Break with Exhibitors
3:00 - 5:00 p.m.	AAAA Annual General Meeting
5:00 - 6:30 p.m.	Reception with Exhibitors
6:30 p.m.	Dinner
	Entertainment
	Silent Auction

### Tuesday, November 15, 2005

8:00 - 9:00 a.m.	Breakfast with Exhibitors
9:00 - 10:00 a.m.	<i>Credit Session (Jock McIntosh)</i>
10:00 - 10:30 a.m.	Coffee Break w/exhibitors
10:30 - 11:30 a.m.	<i>Credit Session (Julie Sisson/ Andrea Sawatsky, PMRA)</i>
11:30 a.m.	Closing

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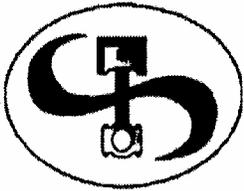
**Complete and return enclosed registration form to the  
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information.**

A special room rate of \$97.00 per night has been negotiated with the Red Deer Lodge in Red Deer, Alberta. Call 1-800-661-1657 or 1-403-346-8841 by October 13, 2005 in order to receive the guaranteed room rate. Be sure to indicate that you are an Alberta Aerial Applicators Association delegate.

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## Thank you James!

The AAAA would like to thank James Spence for the years of dedicated service he provided to the association. James submitted his resignation as President of the AAAA in August, for personal reasons. James served on the AAAA board since 2000. During his board term he held the positions of Secretary Treasurer; 1st Vice President; and as President since 2003. James also was the CAAA Alberta representative. Always an active participant, James contributed to a variety of committees including; AAAA & CAAA AGM Committee; License Recertification Committee; and Transportation of Dangerous Goods. James generously donated a great deal of his time and efforts for the betterment of the aerial application industry. Thank you James for all your hard work. Fran de Kock, AAAA 1st Vice President will act as the AAAA President until the Fall AAAA board meeting at which time the board will review the vacancy.

## Did you know?

- Alberta's agriculture and food industry is the province's largest manufacturing sector. It's even larger than oil and gas!
- Alberta is the second largest agricultural producer in Canada. There are 53,000 farms in Alberta that account for 23% of national farm cash receipts generated from primary agriculture.
- Alberta exported \$5.1 billion of primary and processed agri-food products to over 100 countries around the world. Just over 59% or 3.0 billion of all agri-food exports went to the United States. Japan was the next largest export market at \$745 million.
- Alberta is a Canadian crop leader, producing 46% of Canada's barley, 34% of Canada's canola, 30% of the country's wheat, 23% of Canada's honey, and 100% of the nation's sugar beets.
- One out of every seven jobs in Canada is related to the food and agricultural industries.
- In 2002, there were 61,300 persons employed in primary agriculture and 28,300 in food and beverage manufacturing for a total of 89,600 in Alberta.

## Happy Thanksgiving

from the Board of Directors,  
Jill Lane, Nicole Janssen,  
Holly Cadrin and  
Melany Newsham



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## Dollars & Sense of Aerial Spraying

Field trials completed last year in Manitoba illustrated yields with aerial application are as good as or better than ground application on canola, wheat beans and potatoes. This is the second trial in ten years that illustrated yields were better overall with aerial application. The data from the trials has been compiled and published in a brochure for use by aerial applicators. The brochure provides applicators with an excellent marketing tool to promote their services to producers. The brochure is available through the CAAA office at \$1.00 per copy. The trials were independently conducted by AXYS Agronomics and supported by Manitoba Aerial Applicators Association, BASF Canada Inc., Arty's Air Service, Bestland Agro, Jonair (1988) Ltd., Morse Bros., Roland Air Spray, and Westman Aerial Spraying Ltd. For more information contact the CAAA at 780-413-0078.

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## Calendar of Events

### SAAA AGM—2005

Temple Gardens Spa & Hotel

Moose Jaw, SK

November 3-4, 2005

### AAAA AGM – 2005

Red Deer Lodge

Red Deer, AB

November 14 & 15, 2005

### CAAA AGM – 2006

Delta Regina Hotel

Regina, Saskatchewan

February 22 – 24, 2006