



Generational Transfer of Leadership & Ownership

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Our Roots Date Back to 1932

Pinion is a recognized, national business advisory and financial services firm.



400+
Employees



68th Largest
Accounting
Firm in USA



Industry
Expertise



\$74M
Revenues



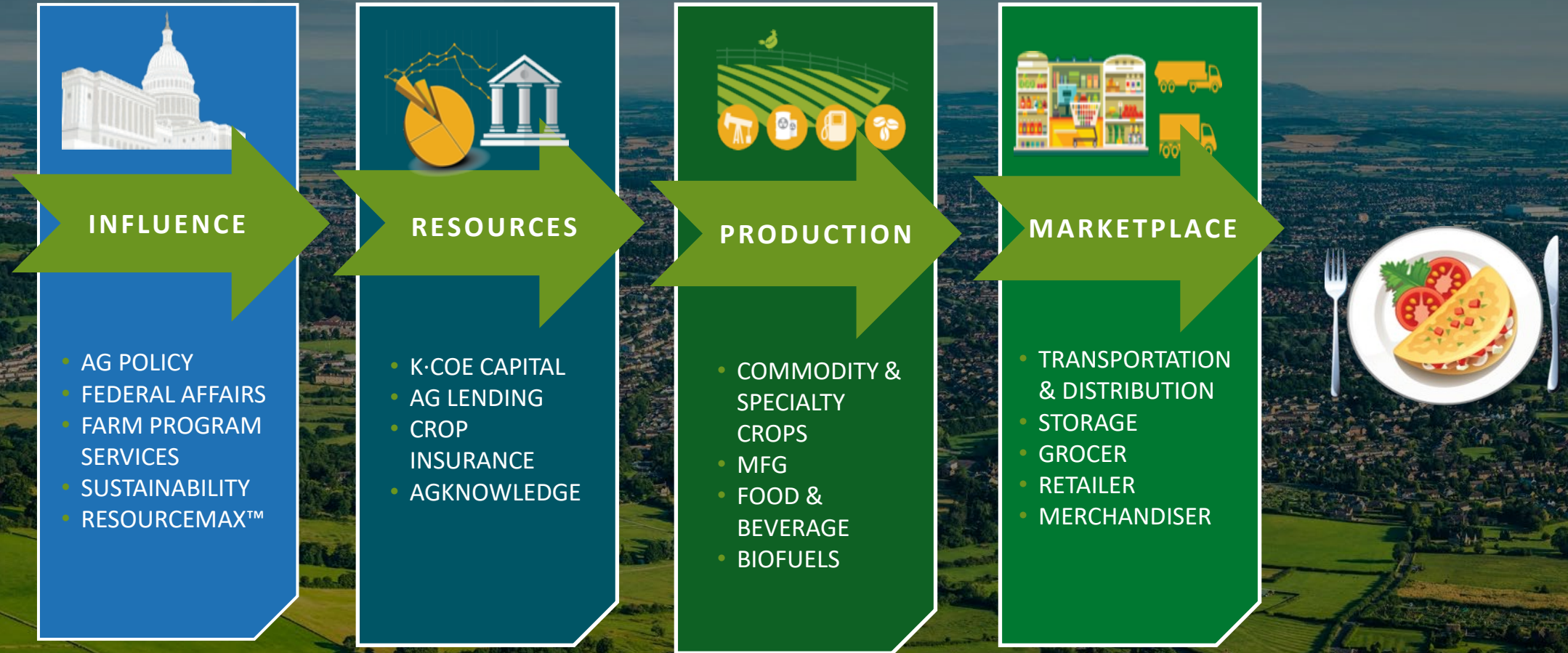
Recognized
Leader



National
Scope &
Resources



From Policy to Plate...



Different areas of focus

Estate Plan

The process of determining a plan to transition financial wealth from one generation to the next.

- What you **have** – Assets
- Easy to identify (balance sheet)
- Solved by an expert
- Responds to compliance/gov't regulations
- Solutions implemented quickly
- Involves **financial** ownership
- Determined by senior generation
- Activities occur at set times
- Major transition often occurs at death
- Opportunity for conflict limited time
- In-laws generally “passive” recipients
- Strategy tends to be clear

Succession Plan

The process of “co-creating” psychological ownership of the vision, strategy, goals, roles, decisions, performance and results of the business enterprise between two or more generations.

- What you **do** – Skills, Activities, Decisions
- Hard to clearly describe...lots of hats
- Solved by you, assisted by advisors
- Involves business environment, strategy
- Solutions evolve over time
- Requires **psychological** ownership
- Collaborative between generations
- Takes place daily in the business
- Major transition occurs during lifetime
- Opportunity for conflict every day
- In-laws often “active” voices
- Strategy can be very messy

Preserving the most precious resources of the world...

Svalbard Global Seed Vault



...and country and species



International Rice Research Center
Los Baños, Philippines

**National Center for Genetic
Resources Preservation**
Ft. Collins, CO

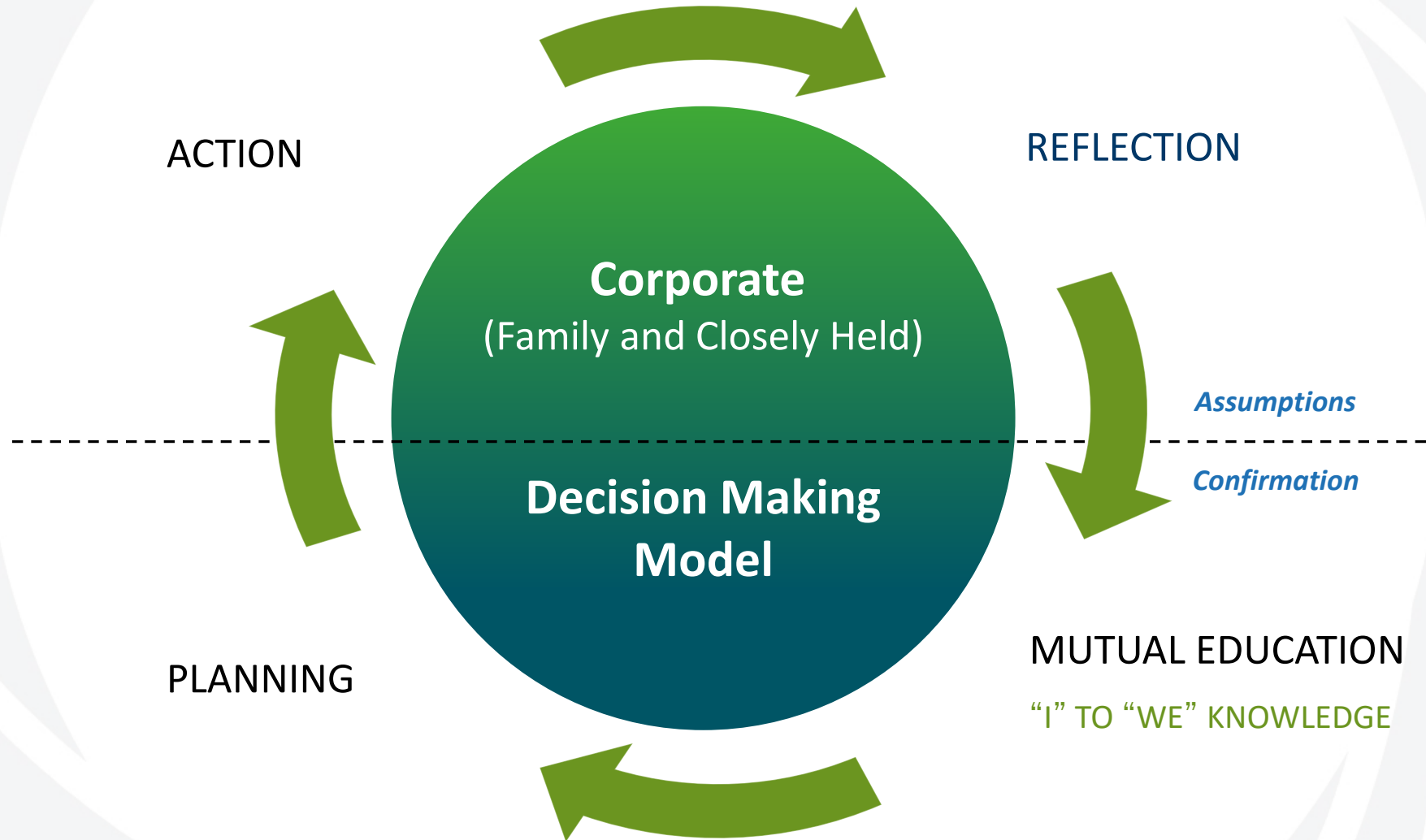


PROTECT to PASS ON

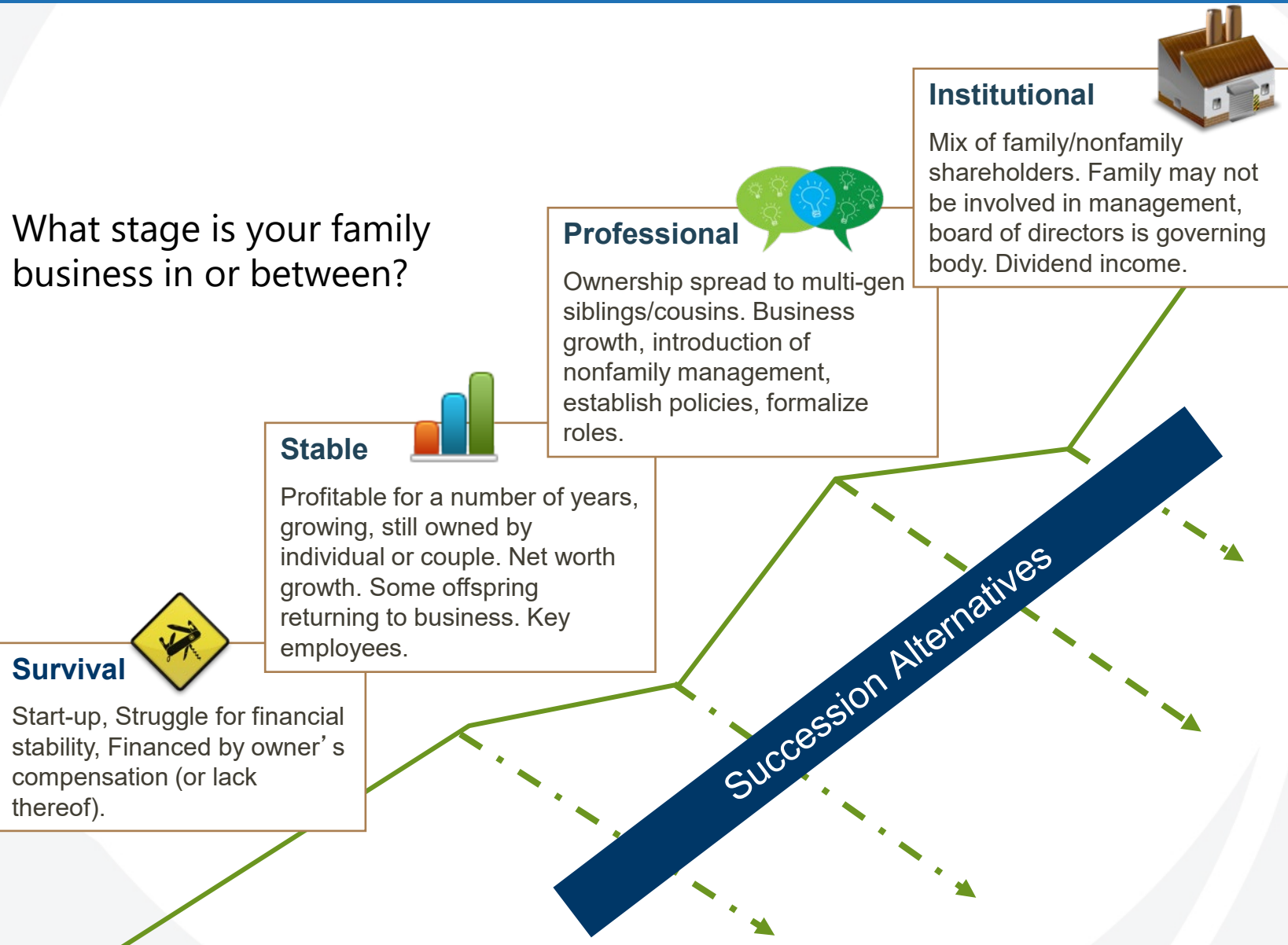
but...

**Must invest in REGROWTH
and GERMINATION**

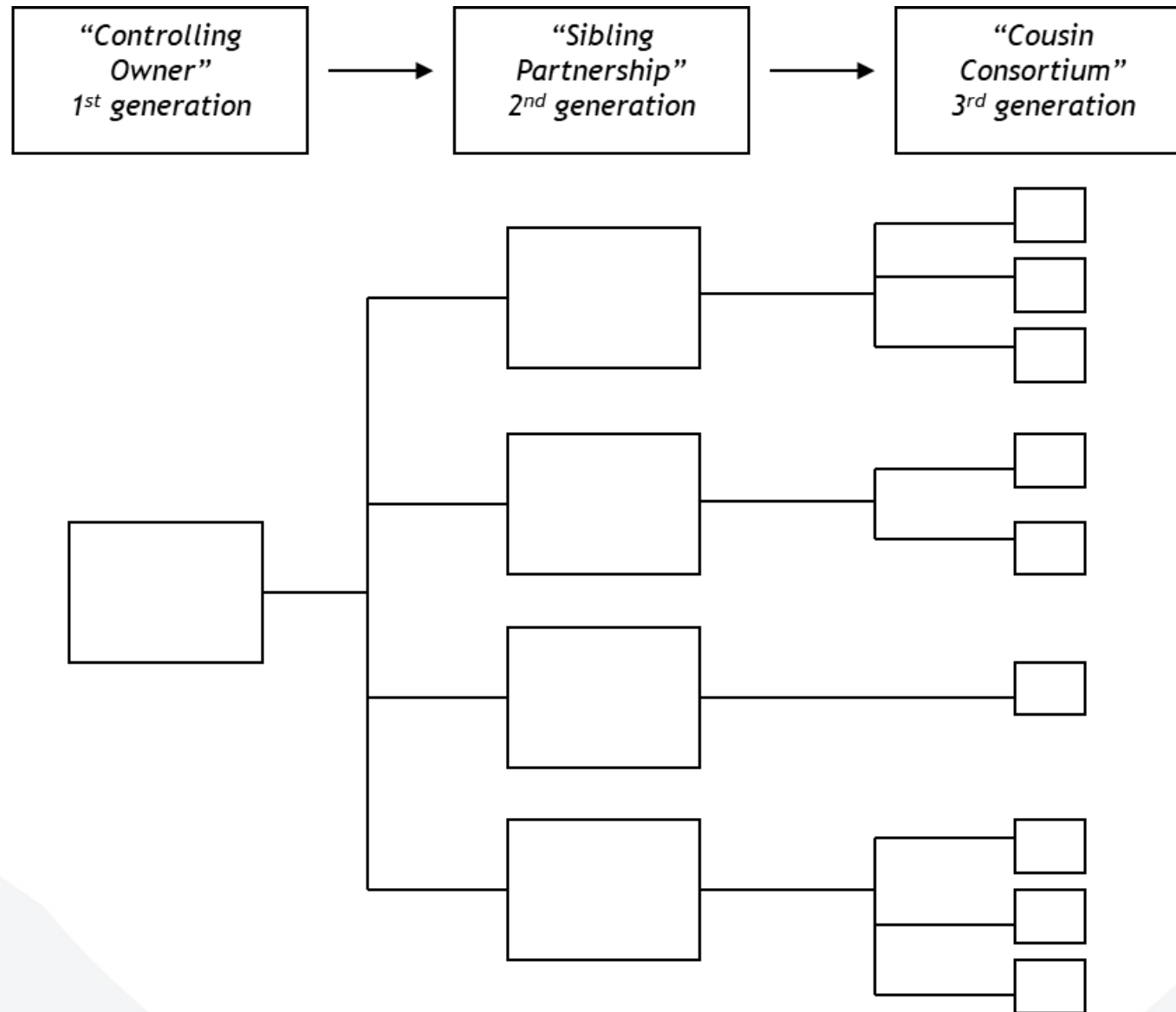
Planning is a process, not an event



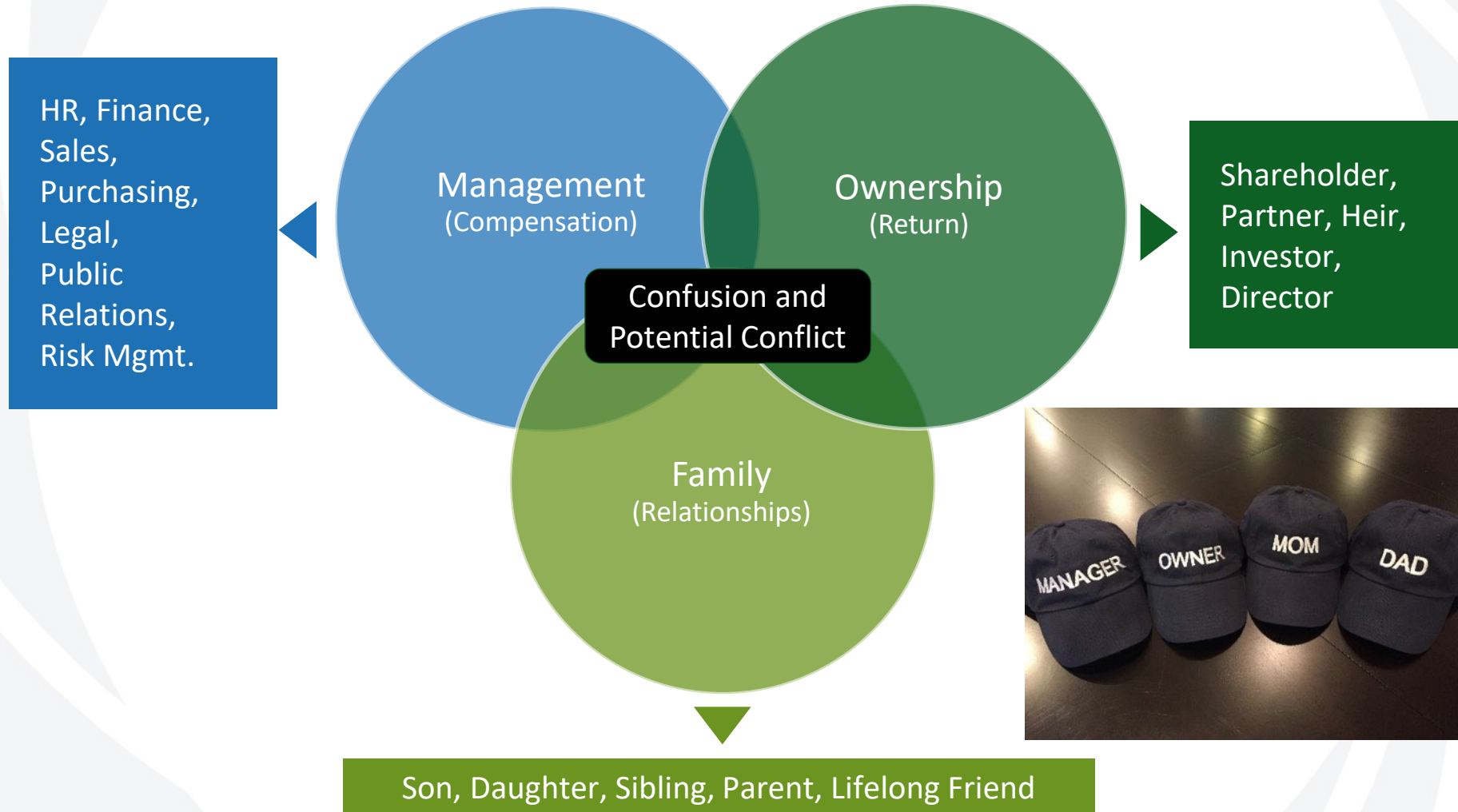
Most family businesses progress through a lifecycle...



...and phases of ownership composition



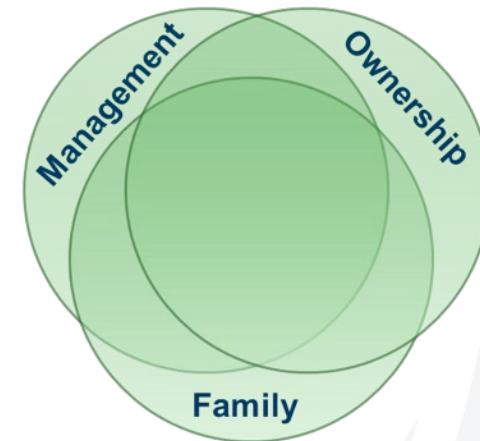
Always be conscious of which hat you're wearing



Succession is psychological ownership and **common understanding** of...

- ▶ **Vision** Where are we headed? What do we want to look like in 10 years?
- ▶ **Goals** What do we specifically want to accomplish over the next 1, 3 or 5 years?
- ▶ **Values** What are our core values? (e.g. “Faith, family, farming, fun”...)
- ▶ **Structure** Will the entity structure and ownership plan facilitate succession – and do people understand it?
- ▶ **Roles** What contribution do participants want to make to the success of the business? Are they playing to their strengths or working against the grain?
- ▶ **Expectations** Are performance expectations clear for both family and employees? Do people know where they stand?
- ▶ **Results** Is our financial system providing good information and are we using it to set goals and make decisions?
- ▶ **Transitions** Do people know what transitions are coming and when (generally) they are happening?
- ▶ **Communication** Do we communicate well? On a regular basis about key decisions? Do we talk as a family about things other than business? Do we communicate well with non-family employees?
- ▶ **Governance** Is it clear how decisions are made? How will they be made in the future? Do people feel included?

Seek clarity on roles and responsibilities...and how they transition over time



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R = Responsible: Completes the task or manages the completion by someone else

C = Consulted: Have input that will help complete the task; have an opinion that should be considered

I = Informed: Work will be affected by completion of the task so should be kept informed

Task/Decision:	John	Mary	Sandy	Jim
Crop plan	C	I	R	
Seed purchase	C	I	R	
Chemical purchase	C	I	R	
Tillage				R
Crop marketing	I	R	I	I
Employee management				
Crop Insurance	C		R	
Banking/money management		I	R	
Equipment investment	R	C		
Land investment	R	C	I	I
Landowner relations				R

What are you doing to train and develop the next generation of leaders?

► **Business acumen**

- Financial/accounting understanding to make good decisions
- Strategy

► **Technical expertise in relevant field**

- Agronomy, Genetics, Nutrition, whatever is relevant to you
- From: vendors, Extension, etc.

► **The interpersonal and leadership skills that are really important!**

- Communication: verbal, written, body language
- Delegation
- Leadership
- Emotional intelligence

Sources:

- Peer groups we lead
- TEPAP
- Short courses (LinkedIn Learning, mini-MBAs)
- Extension workshops
- Dale Carnegie, Franklin Covey, other public courses

Calendar of duties

- **Multiple purposes**
 - Provides roadmap if you are unavailable (builds your job description)
 - Prioritize and track SOPs
 - Identify areas to delegate

Daily • xx	Weekly • xx	Monthly • xx
Semi – Monthly • xx	Quarterly • xx	As Needed • xx

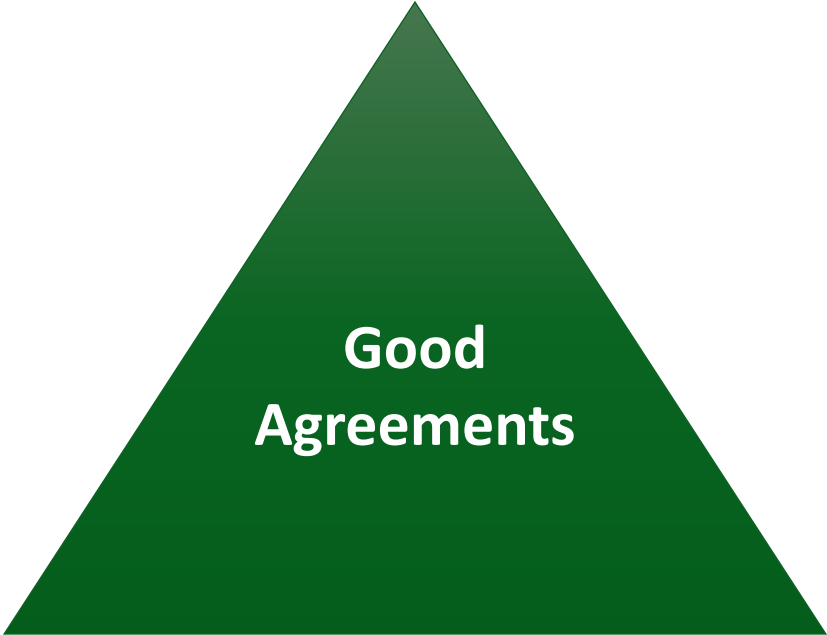
Calendar of duties

January • XXX	February • XXX	March • XXX
April • XXX	May •XXX	June • XXX

The “Satisfaction Triangle” for working together

Substance:

The material decision.
Can everyone “live with it”?
(Price & Terms “The Deal”)



**Good
Agreements**

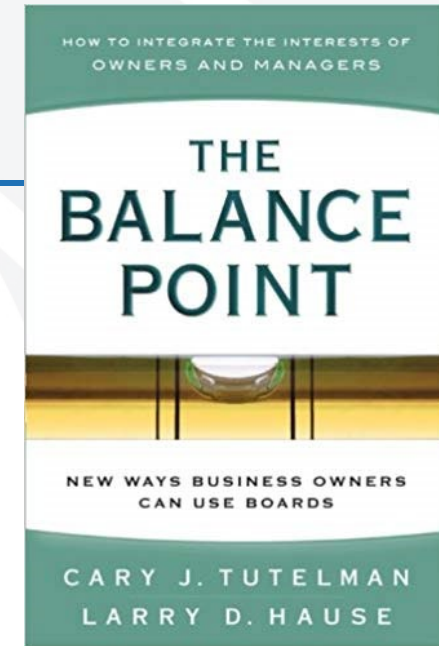
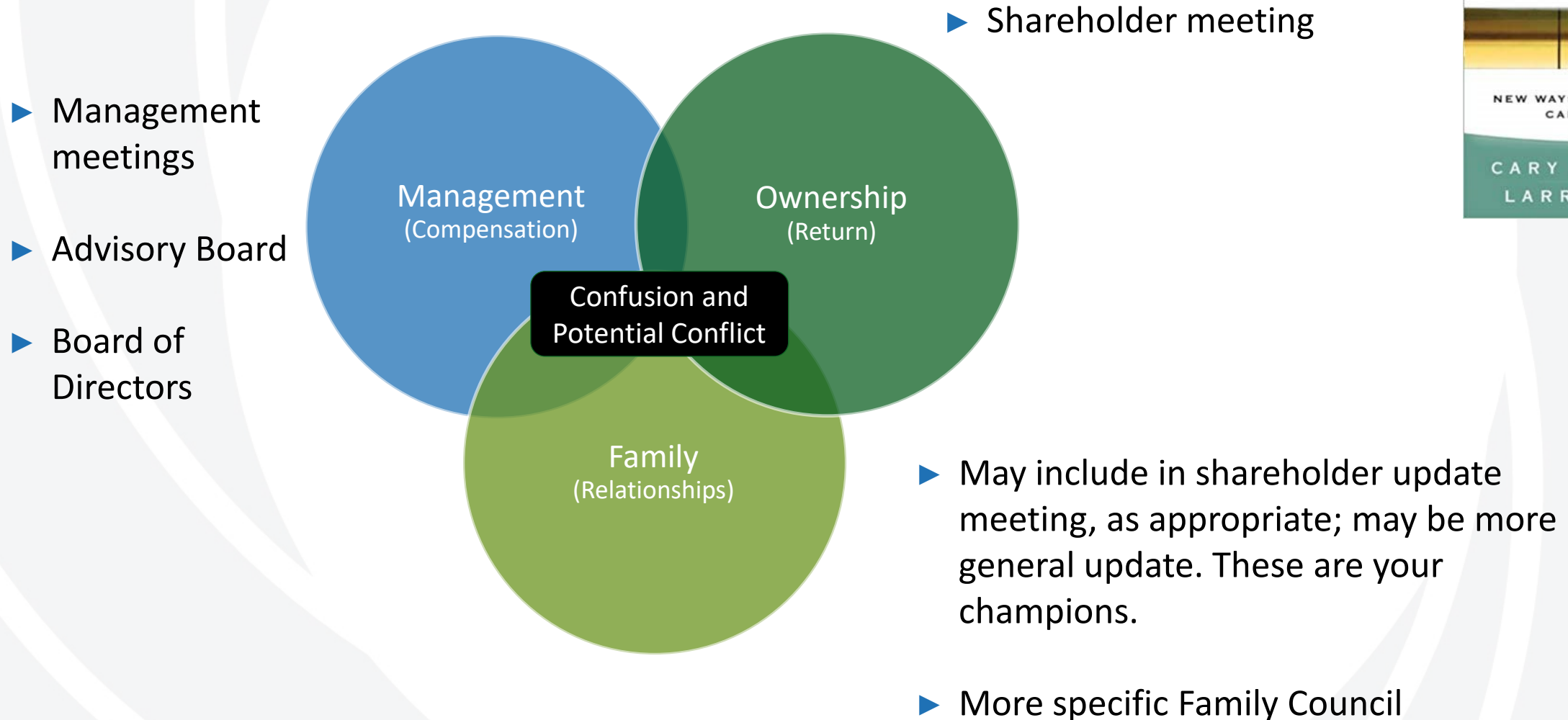
Process:

How we communicate & how
decisions get made
(Decision timing & criteria)

Relationship:

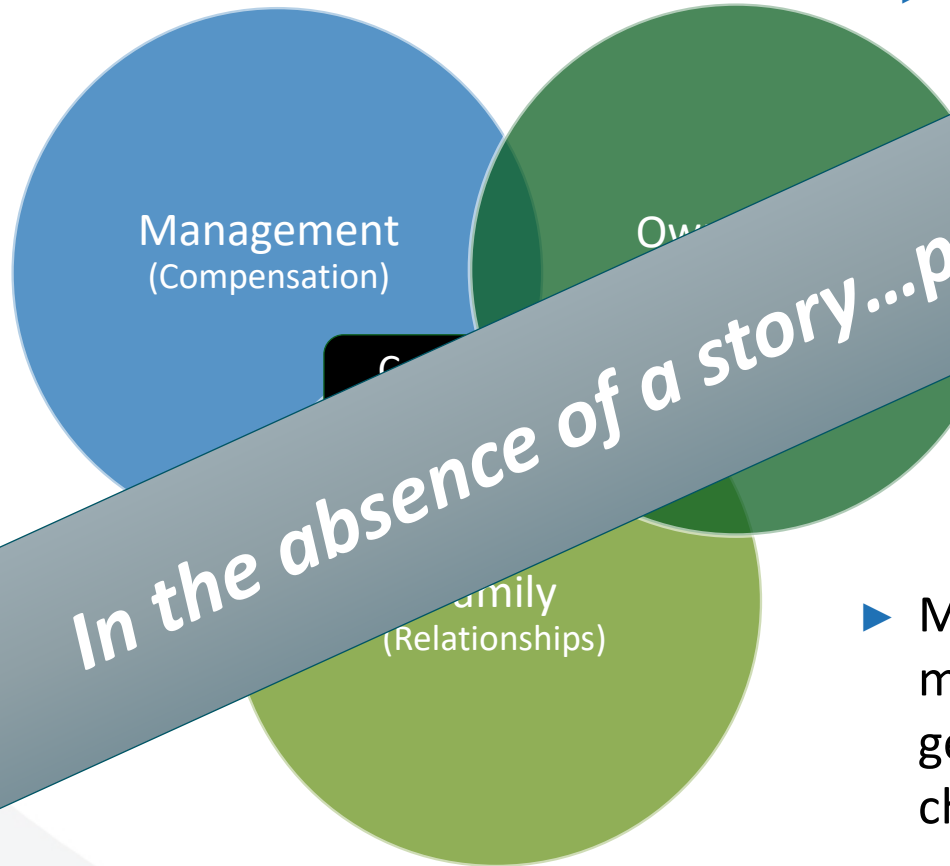
Is (enough) connection and security,
trust and integrity, present?
(Who: confidence, style)

Communication and decision-making for each circle



Governance and communication for each circle

- ▶ Management meetings
- ▶ Advisory Board
- ▶ Board of Directors



- ▶ Shareholder

In the absence of a story...people make one up

- ▶ May include in shareholder update meeting, as appropriate; may be more general update. These are your champions.
- ▶ More specific Family Council



(Family) Employment Policy

- ▶ **On a scale of 1-10, how clear are your kids about your expectations for returning?**
- ▶ **Possible components of a policy**
 - Education
 - Time working elsewhere
 - Business need
 - Skills/attributes required
 - Agreement by owners on hiring
 - Interview process
 - Supervision
 - Compensation
 - Path to ownership

Food for thought...

In the absence of a story, people make one up!

Certainty can be as Valuable as Agreement

Decision is never made until it's put on paper!

"...the shortest pencil is longer than the longest memory!"
Mark Patterson, The Circle Maker

Progress over Perfection



pinion

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