



# 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



68<sup>th</sup> Largest  
Accounting  
Firm in USA



Industry  
Expertise



\$74M  
Revenues



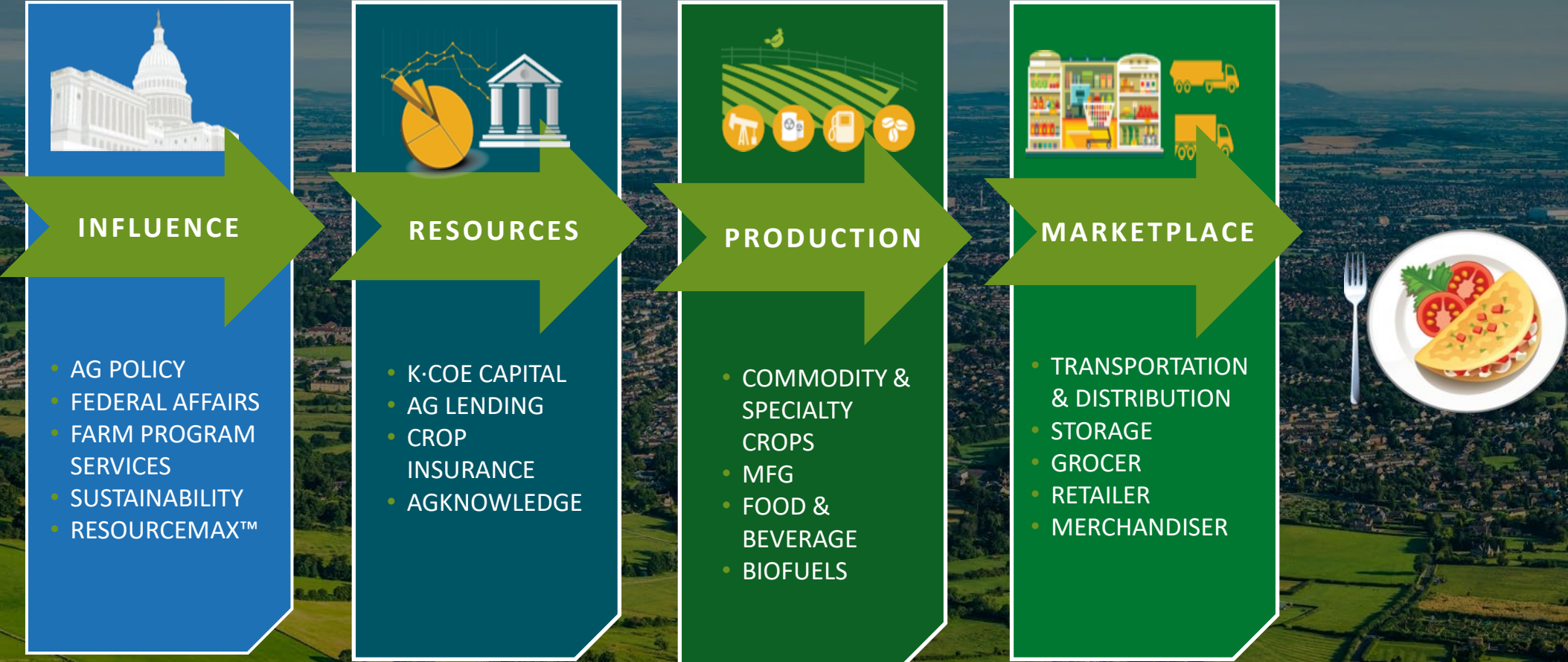
Recognized  
Leader



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

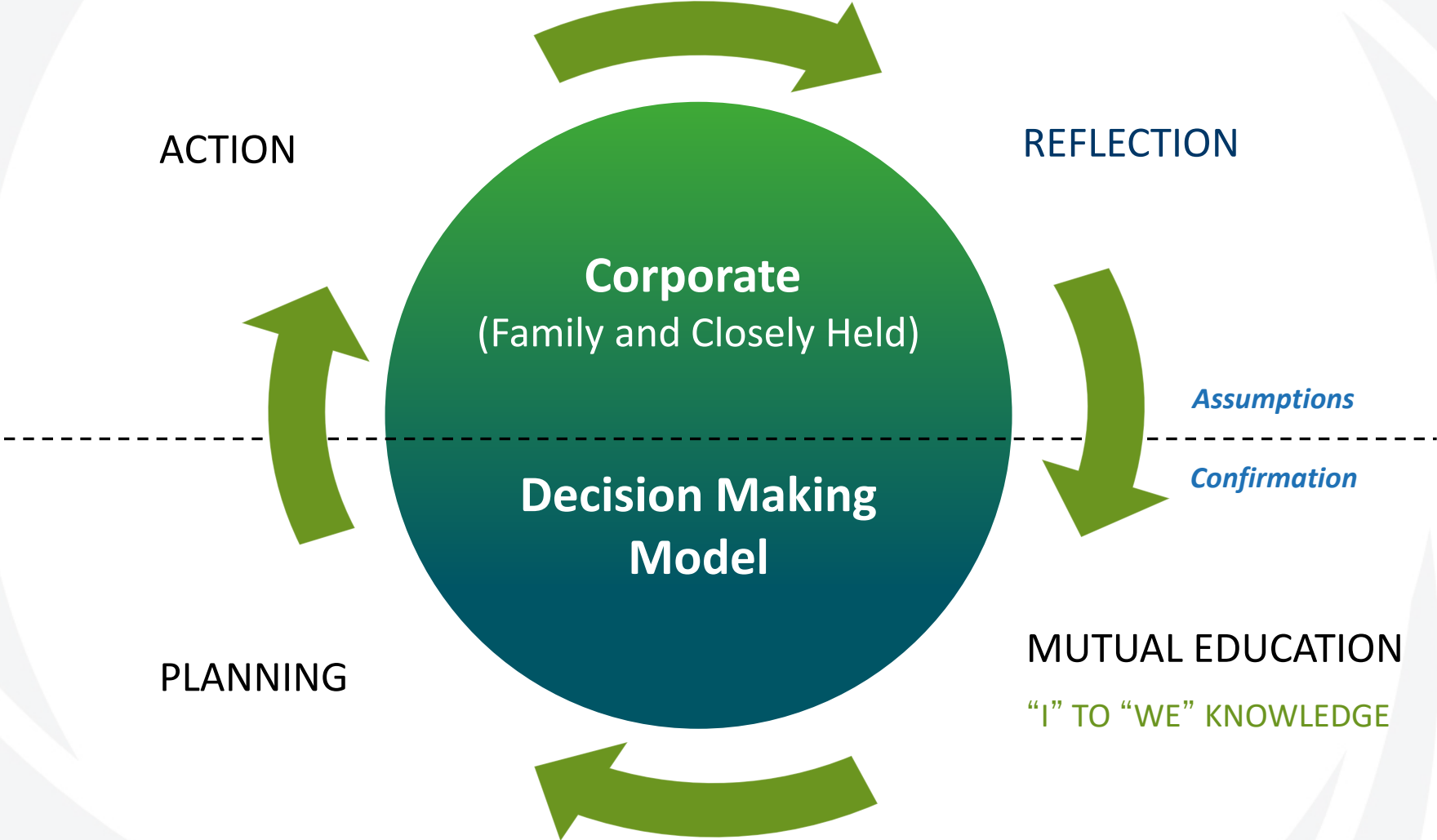


**PROTECT to PASS ON**

**but...**

**Must invest in REGROWTH  
and GERMINATION**

# Planning is a process, not an event

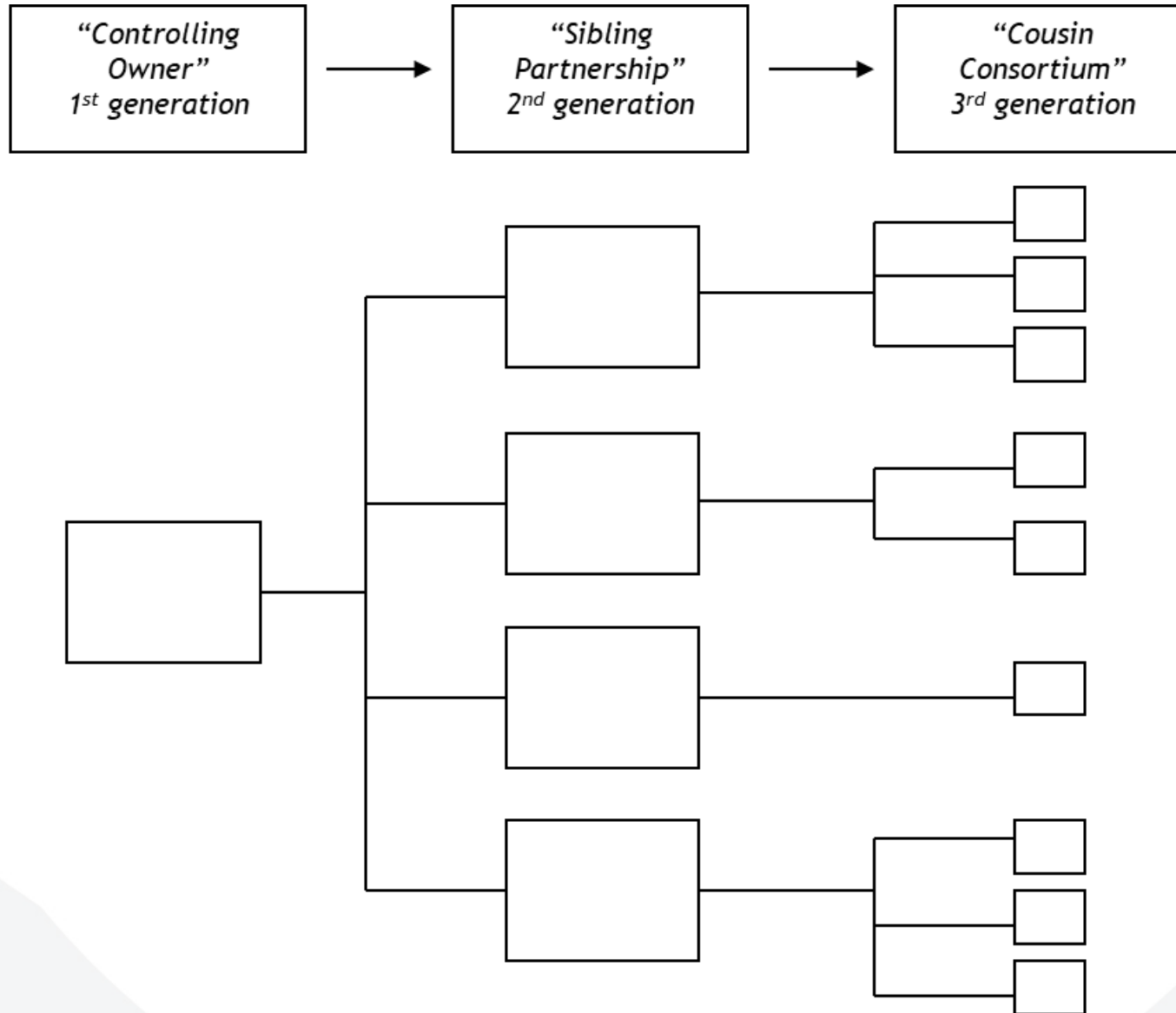




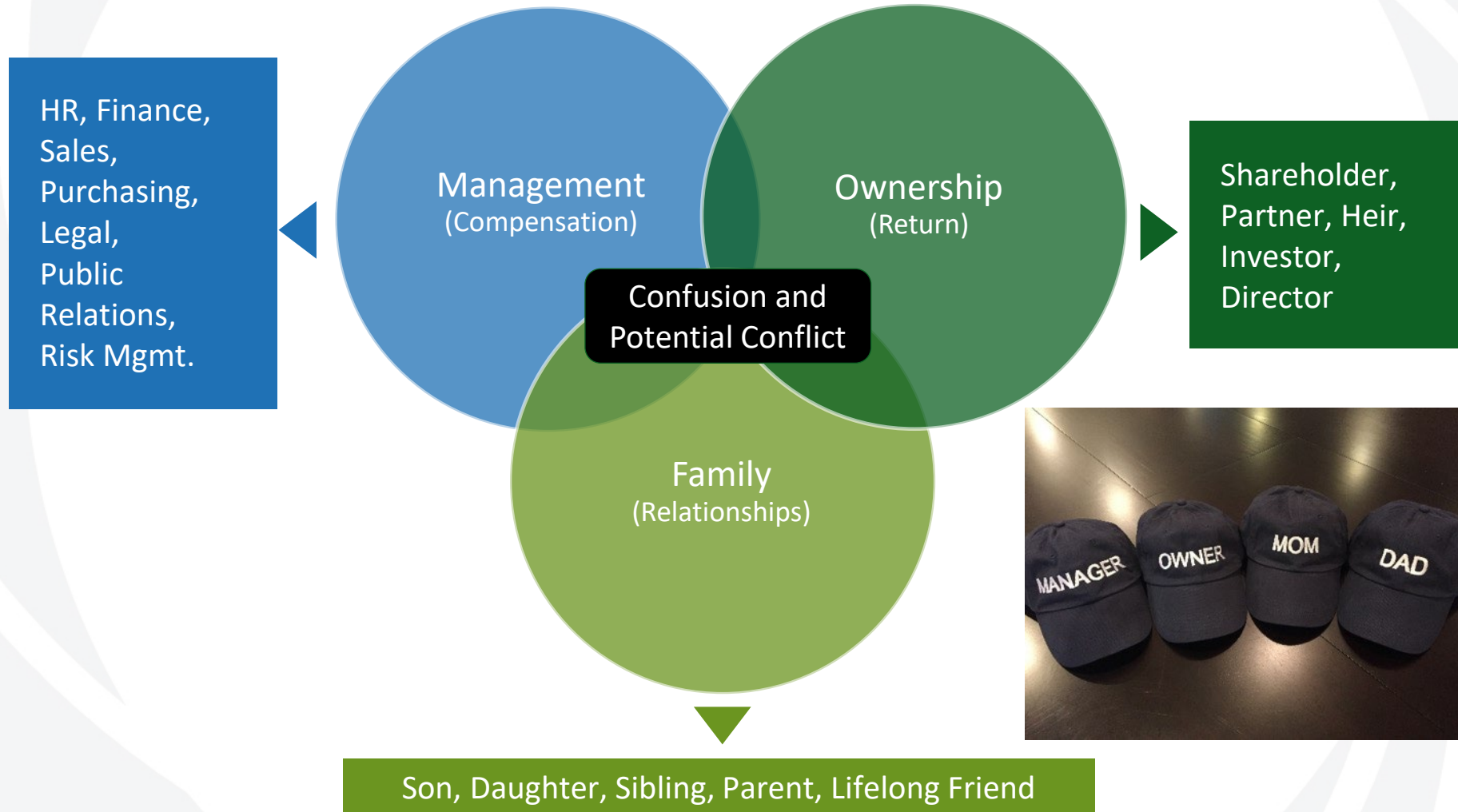
# Most family businesses progress through a lifecycle...



# ...and phases of ownership composition



# Always be conscious of which hat you're wearing



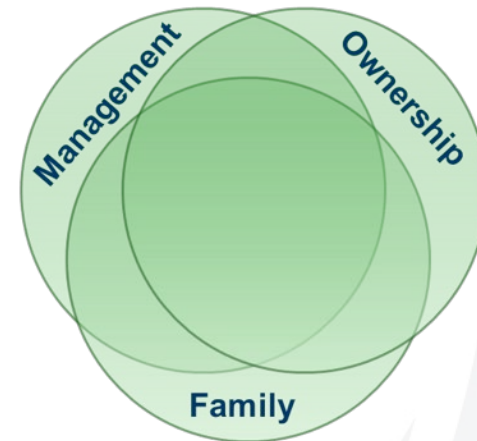
# Succession is psychological ownership and **common understanding of...**

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- ▶ **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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# Seek clarity on roles and responsibilities...and how they transition over time

**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?

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## ▶ **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

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► **Multiple purposes**

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

<b>Daily</b> <ul style="list-style-type: none"><li>• xx</li></ul>	<b>Weekly</b> <ul style="list-style-type: none"><li>• xx</li></ul>	<b>Monthly</b> <ul style="list-style-type: none"><li>• xx</li></ul>
<b>Semi – Monthly</b> <ul style="list-style-type: none"><li>• xx</li></ul>	<b>Quarterly</b> <ul style="list-style-type: none"><li>• xx</li></ul>	<b>As Needed</b> <ul style="list-style-type: none"><li>• xx</li></ul>



# Calendar of duties

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<b>January</b> <ul style="list-style-type: none"><li>• XXX</li></ul>	<b>February</b> <ul style="list-style-type: none"><li>• XXX</li></ul>	<b>March</b> <ul style="list-style-type: none"><li>• XXX</li></ul>
<b>April</b> <ul style="list-style-type: none"><li>• XXX</li></ul>	<b>May</b> <ul style="list-style-type: none"><li>• XXX</li></ul>	<b>June</b> <ul style="list-style-type: none"><li>• XXX</li></ul>

# The “Satisfaction Triangle” for working together

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## Substance:

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



**Good  
Agreements**

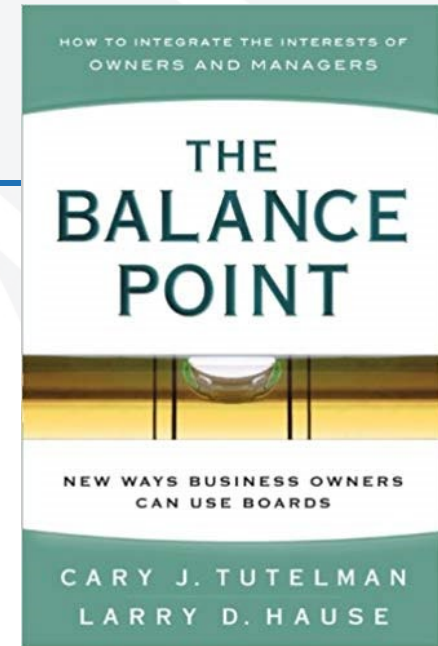
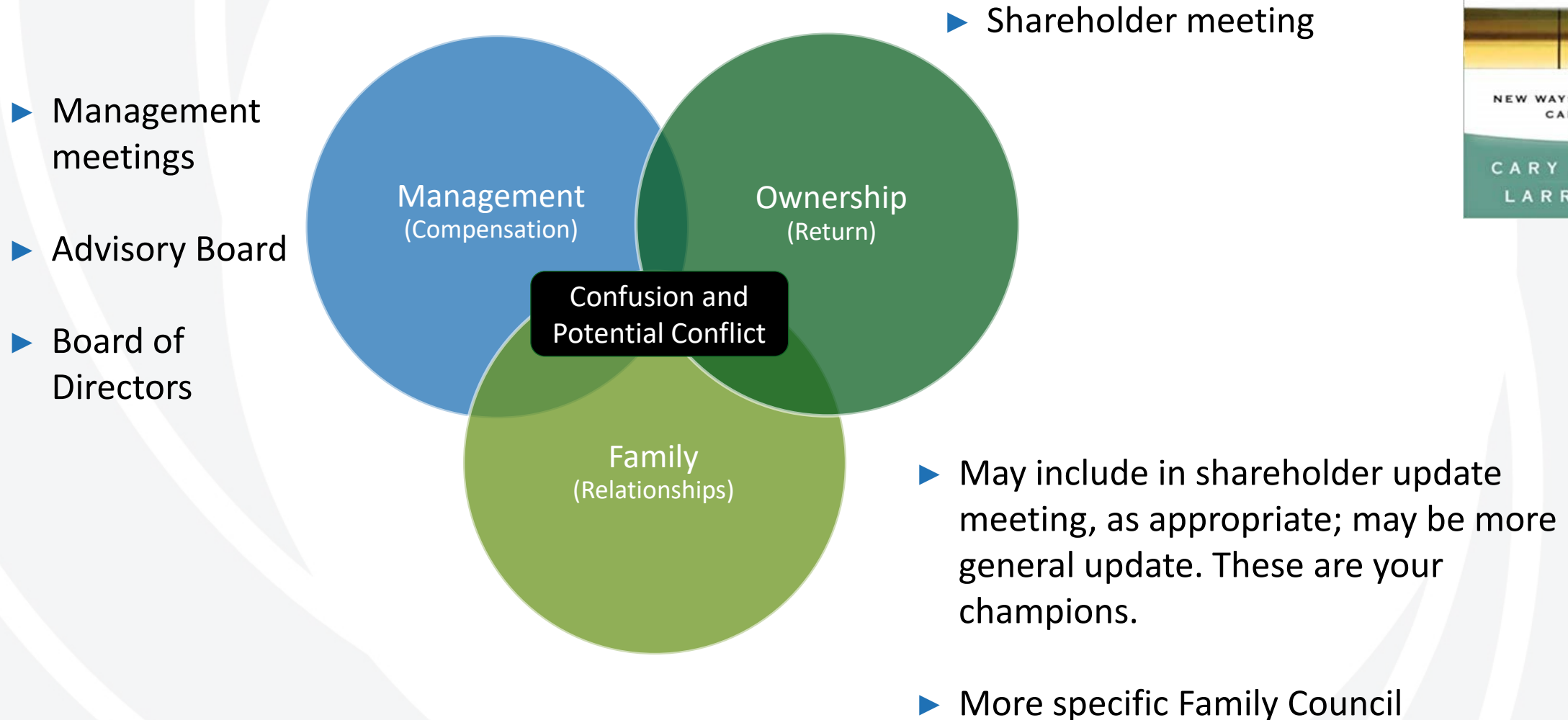
## Process:

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

## Relationship:

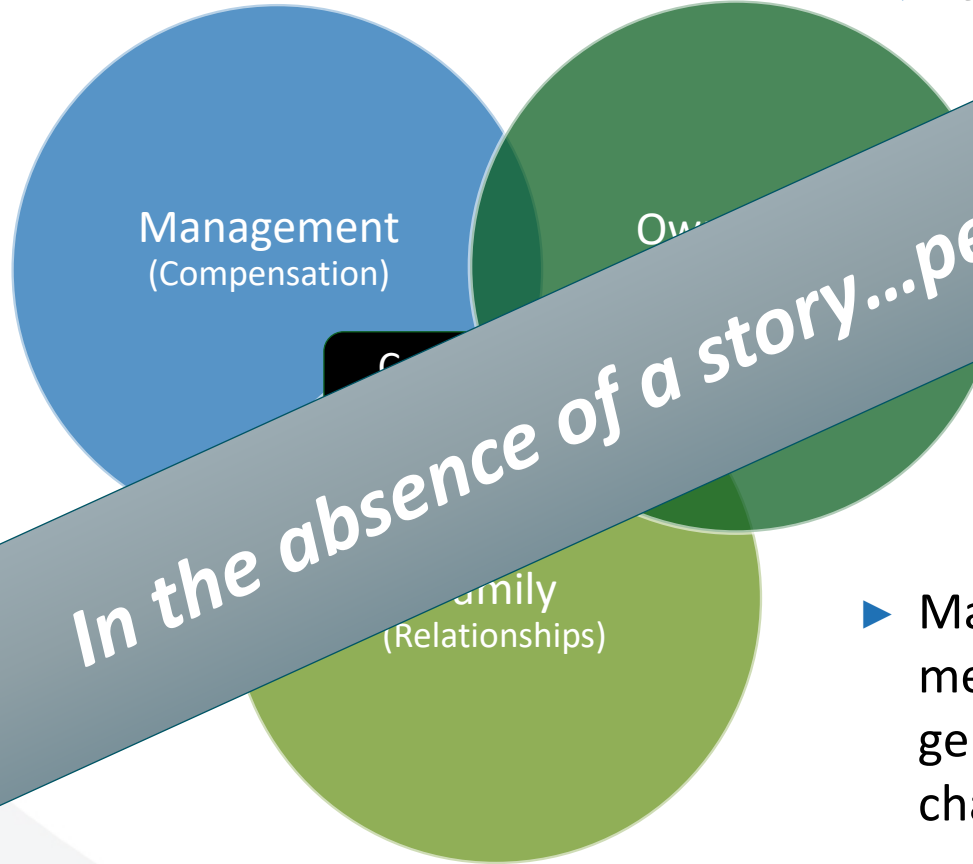
Is (enough) connection and security,  
trust and integrity, present?  
(Who: confidence, style)

# 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

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- ▶ **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...

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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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