

# Sweet 16 Golden Rules of Transition Management

(1)



Indicate the number that corresponds with your business: 7-10 = Green, 4-6 = Yellow, 0-3 = Red

Rules	Green= Yes	Yellow= In Progress	Red = No
1. Have you developed a written history of your business & recently updated it?			
2. Have major owners, managers & stakeholders completed a personality profile?			
3. Does the business generate \$40,000 to \$70,000 accrual net income per family member or willing to support with non-farm revenue or reduce living expenses?			
4. Does Mom, Dad or business partners who are retiring have at least 50% of retirement & have outside investments & social security?			
5. Will the farm business model on average generate a 4 to 8% increase in accrual net income annually over the next decade?			
6. Do owners have a written buy-sell agreement or prenuptials?			
7. Does the senior generation have long term health care, disability & final directives?			
8. Has your written estate & transition plan been updated in the last five years?			

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(2)



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Rules	Green= Yes	Yellow= In Progress	Red = No
9. Do you have a TMT (Transition Management Team) in place? The TMT should include an agricultural oriented lawyer, accountant & financial specialist.			
10. Has the senior generation made plans for living arrangements & housing in retirement years?			
11. Do you have a cash wage total compensation package to quantify the value of fringe benefits & other perks for owners/managers/stakeholders?			
12. Does your written business transition plan treat family members fair but not necessarily equal?			
13. Do you have written agendas & minutes of transition & estate planning meetings?			
14. Are you willing to invest one percent of your asset base or 100 hours in the transition management process?			
15. Has a third party conducted an economic capital needs operational cultural assessment of the business?			
16. Will the senior generation transition management decision making, production, marketing, & financial operations to the junior generation in a six to ten year period?			

# Sweet 16 Golden Rules of Transition Management Bulls Eye

Any spoke <4 needs immediate attention

Any spoke 4-6 needs improvement

Any spoke >6 continue to do well

