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The Great Plains News Feed

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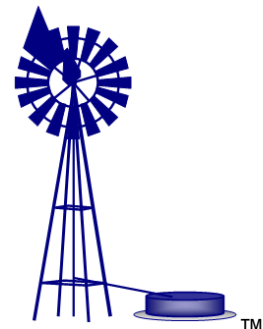
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**November / December
2012**

The Latest Across the Plains



Merry Christmas!



Winter is right around the corner! Another season has gone by and now we will prepare for the upcoming holidays and delightful winter weather. Cattle pens will fill quickly. We wish everyone the best this holiday season and hope everyone takes time to stop and enjoy family and friends without getting caught up to much in the hustle and bustle that comes along with this time of year. Have a safe and happy holiday and please find the enclosed calendar as a thank you from the staff at Great Plains Livestock Consulting, Inc.

We want to hear from you....

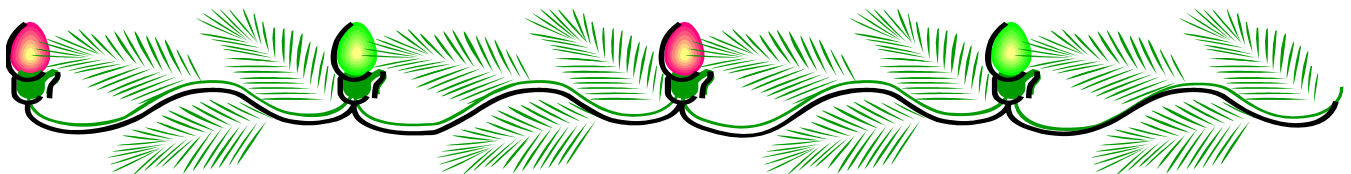
Do you have a question you would like one of the nutritionists to address in depth in our newsletter? Just submit your question through our website www.gplc-inc.com and we will get to work on it.

Save Money \$\$\$ Test your Feeds

Feed is more expensive than ever and does not look like it will change for the better in the near future. As a result, margins are slim in all sectors of the beef industry. These are two very good reasons to have your feeds tested for their nutrient content and have us formulate a set of diets specific to your operation based on those analyses. By testing the feeds we can make sure you are not over or under supplementing your livestock, therefore maximizing your operation's performance. Tests are relatively inexpensive, usually costing less than \$18, for the information derived. Contact our office to set up an appointment to have us pull feed samples if we have not done so yet.

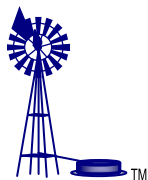
What's New in the Industry

Pulmotil by Elanco Animal Health –
is a new product for the beef industry feed grade Micotil \$14/head feeding for 14 days.

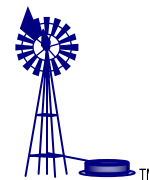


Calendar of Events

- **Dec 5-7** Nebraska Cattlemen's Convention at Holiday Inn Center in Kearney, NE
- **Dec 7-8** Minnesota Cattlemen's Assoc Annual Convention & Trade Show, Arrowwood Resort, Alexandria, MN
- **Dec 7-8** Missouri Livestock Symposium in Kirksville, MO
- **Dec 10-12** Iowa Cattlemen's Assoc Annual Meeting in Altoona, IA
- **Dec 11-13** MCA Annual Convention & Trade Show; Holiday Inn Select Executive Center, Columbia, MO
- **Dec 13** Raymond & Lynn Hoskins Land Auction with feedlot for Sale See www.GPLC-Inc.com classifieds for more information
- **Jan 8-10, 2013** Topeka Farm Show, Kansas Expocentre, Topeka, KS
- **Jan 18-19, 2013** Minnesota Assoc of Ag Educators Ag Tech Conference in St. Cloud, MN
- **Jan 22-23, 2013** Colorado Cattlemen's Assoc Mid-Winter Conference, Denver, CO
- **Jan 28-29, 2013** Ag Executive Forum at Kansas City Convention Center



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Timely Reminders



General

- ✓ Clean manure out of pens.

Beef

- ✓ Make sure feed is analyzed and rations are in place.
- ✓ Now is a good time to strategically deworm cows after we have had a good freeze.
- ✓ Make sure you pregnancy test all cows and cull open females in order to save feed resources.
- ✓ Sort cows by body condition and feed groups accordingly in order to get thin cows back into better shape before spring calving.
- ✓ Evaluate bulls and begin to make bull buying decisions for next year.

Unused Feed

- ✓ Water has the most value to cattle in liquid form.

Key Steps in Effective Succession Planning



Presented by NTA's Research & Development Council April 2001

1. Revisit the Company's Mission

Even owners who already have a succession strategy in mind can benefit from this exercise. Ask the questions, "Who are we, and what do we stand for?" can establish a critical framework for identifying which succession strategy is the best fit. Rather than relying on their perspective alone, owners should invite key employees and family members to participate in revisiting the company's mission. Everyone may be surprised to discover that the mission has changed over the years, or that the mission and company practices are no longer in alignment.

2. Conduct a Business Valuation

Business valuation is a critical aspect of succession planning, and one that should be undertaken at the beginning of the planning process. A business owner needs to know exactly how viable his or her business is before making major decisions about its future.¹ Furthermore, the owner needs to understand the fair market value of the business in order to make a sound decision about how much to spend on outside advisors to

assist in the succession-planning process.²

While self—valuation and a study of comparable companies are two methods of arriving at a valuation for a closely held business, most succession-planning experts recommend using a professional business appraiser to conduct the valuation, since it is part of the succession plan's very foundation.

A professional appraisal can cost from \$5,000 to \$15,000 and take two weeks to two months to complete.³ When hiring an appraiser, the owner should clearly define the terms under which the appraiser will be working, including an expected time frame for completion and a fee structure.⁴ There are a number of accepted methods for business valuation, including the comparable-worth method, the professional appraisers will try out a few different methods in order to pick the one of two most appropriate for the business at hand.⁵

3. Seek Advisory Help

No matter which succession strategy a company pursues, advisors should play a role in identifying and implementing that strategy. The importance of advisors has already been discussed in the context of selling a business; however, advisory support is just as important for owners who plan to keep a business in the family.

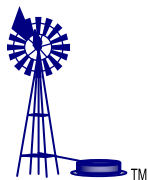
While owners may be tempted to get by on as little outside help as possible – for example, using their accountant or legal counsel only – experts recommend enlisting a much broader group of advisors, including an external advisory board or committee in addition to individual consultants. Without this external perspective, family businesses may lack the objectivity needed to make the best decisions about future leadership, company structure, etc.

A growing number of businesses are turning to consultants who specialize in succession planning. In addition, many family businesses are seeking the assistance of consultants trained as psychotherapists for help resolving the interpersonal issues involved with succession.⁶ While all companies may not be able to afford these services, owners should seek external assistance from as many perspectives (financial planning, family relations, estate planning, etc.) as possible.⁷

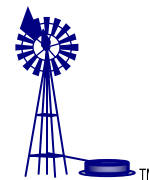
4. Involve Family Members in the Process

The effectiveness of any succession plan ultimately depends on buy-in from family members who will play a role in the company's future. Many factors can act as barriers to discussing succession candidly, and an owner may not know how members of the next generation truly envision the future of the company and their specific roles within it. Without the involvement of the rest of the family, a business owner risks creating a succession plan that no one else is able or willing to support.

Family participation in succession planning can take a number of forms, but many experts recommend the



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creation of a “family council” for this purpose. The council can begin with a family retreat, perhaps assisted by a family business consultant.⁸ One of the council’s first steps may be to revisit the company’s mission, as previously discussed.

Owners may be concerned about giving family members too much of a voice in the succession-planning process. However, as stated in *The Family Business Succession Handbook*, “Setting up a council does not mean that the business becomes a democracy and the owner gives up the last word. Family councils usually act responsibly, and it is rarely necessary for owners to exercise their veto powers.”⁹

5. Establish a Plan for Preparing Successors

Planning for the transfer of company *management* is as important as planning for the transfer of company *ownership*. Thus, the mentoring of potential successors should begin early and follow a planned, sequential process. Experts note that this aspect of succession planning is often regarded too casually.

Mentoring includes providing direction on the kinds of opportunities and experiences that the successor should pursue, evaluating the successor’s performance, serving as a role model, explaining company dynamics and politics, and introducing the successor to key contacts inside and outside of the company.¹⁰

While business owners may assume that they themselves should mentor their successors, this can be a dangerous undertaking. Owners preparing their children for eventual management of the business may find it difficult to differentiate between parenting and mentoring tasks,¹¹ and a successor receiving career guidance from a parent may find it difficult to “hear that advice in an unfiltered and open manner.”¹² When available, a well-prepared non-family executive may prove the ideal mentor. Such an arrangement offers the mentor an opportunity to deepen his or her relationship with the future generation of ownership and to strengthen his or her job security by ensuring the future success of the business.¹³

Regardless of who officially serves in the role of mentor, mentoring is likely to be most effective when all involved in the business are committed to the idea.¹⁴

6. Plan for Contingency

Ideally, a business will experience planned succession – succession that occurs according to a timetable set by the business owner and other key players. However, a thorough succession plan must address how the transfer of leadership is to proceed in the event of the owner’s unexpected death or incapacitation. While the main succession plan looks ahead to the long term, the contingency portion of the plan looks at shorter-term issues. It requires the owner to answer the question, “What will happen to the company if I die or become incapacitated today?”

A contingency plan also provides employees and family members with instructions for the first 48 hours following the owner’s death or incapacitation. These instructions must answer such basic questions as where the keys to the desk are, who has access to important documents and who is authorized to sign the payroll checks.¹⁵

It is important to remember that in companies faced with crisis succession, family members and key employees are left to maintain business operations and make important decisions about the company’s future while dealing with what is often considerable grief. Business owners who leave behind a contingency plan not only increase the chances that their intentions for the business will be realized, they make the aftermath of crisis much easier for those who have contributed to the company’s success.

Summary

Succession planning is critical to ensuring the continuation of any family-owned business particularly if the owner plans to retire within 10 years. When effectively developed, a succession plan provides for a smooth transition in management and ownership, whether the business is to remain in the family or succeed to non-family owners. Given the number and complexity of succession options available, effective succession planning requires time, outside advisory assistance and the input of other family members, as well as the willingness to address interpersonal conflicts that can arise during the planning process. Succession planning can also yield many rewards, including peace of mind for the business owner, personal satisfaction for family members and new opportunities for the company itself.

1 Laura Koss-Feder, “Business, Too Close to Home,” *Time Magazine*, July 17, 2000, B27.

2 Andrew J. Sherman, *Parting Company: Innovative Strategies to Plan for Succession, Manage the Transition, Sell or Transfer Your Business*, Washington, D.C.: Kiplinger’s, 1999, p. 15.

3 Laura Koss-Feder, “Business, Too Close to Home,” *Time Magazine*, July 17, 2000, B27.

4 Andrew J. Sherman, *Parting Company: Innovative Strategies to Plan for Succession, Manage the Transition, Sell or Transfer Your Business*, Washington, D.C.: Kiplinger’s, 1999, p. 130.

5 *Ibid.*, pp. 21-25.

6 Valerie Marchant, “A Good Therapist Might Help,” *Time Magazine*, July 17, 2000, B29.

7 Bernard L. Erven, “Management Succession Issues in Family Business,” Cornell University Family Business Research Institute, Bronfenbrenner Life Course Center, <http://www.fambiz.com/contprov.cfm?ContProvCode=Cornell&ID=357>.

8 Benjamin Benson, Edwin T. Crego Jr. and Ronald H. Drucker, “Family councils: The Key to Communication,” *The Family Business Succession Handbook*, Ed. Mark Fischetti et al, Philadelphia: Family Business Publishing, 1997, pp. 30-31.

9 *Ibid.*, pp. 30-31

10 Edwin T. Crego Jr., “The Nonfamily Mentor’s Guide,” *The Family Business Succession Handbook*, Ed. Mark Fischetti et al, Philadelphia: Family Business Publishing, 1997, pp. 51-52.

11 Ivan Lansberg, “The Difference Between Parenting and Mentoring,” *The Family Business Succession Handbook*, Ed. Mark Fischetti et al, Philadelphia: Family Business Publishing, 1997, p. 50.

12 Edwin T. Crego Jr., “The Nonfamily Mentor’s Guide,” *The Family Business Succession Handbook*, Ed. Mark Fischetti et al, Philadelphia: Family Business Publishing, 1997, pp. 51-52.

13 *Ibid.*

14 Léon A. Danco, “Mentoring the Next Generation,” *The Family Business Succession Handbook*, Ed. Mark Fischetti et al, Philadelphia: Family Business Publishing, 1997, pp. 49-50.

15 Richard Narva, “Will the Circle Be Unbroken? Managing a Family Business Disaster,” Genus Resources, Inc., <http://www.fambiz.com/contprov.cfm?ContProvCode=Genus&ID=385>.