

Before Doing Business Together: A Pre-Agreement

Instead of jumping right into a farm business partnership, the junior generation and the senior generation have to agree on the partnership's goals. Both parties may have different ideas on how to farm, work together, and how fast the farm transfer process starts and finishes. This is normal for small, family businesses. The preliminary step needed to get these plans and concerns out on the table is something that I call a “pre-agreement.”

A pre-agreement should contain at least three parts: how to work together, how to develop the junior generation, and how long a trial period is necessary. Keep this agreement simple; it is not a legal agreement but a precursor to one. Treat this like an internship opportunity, where both sides are obligated to work together to improve the skills and employability of the junior generation and benefit the business.

Working together

Get those expectations out on the table! It is better to air your concerns ahead of time than have difficult situations result. These “working together” guidelines would include basic things such as pay, time off, and when people are expected to show up and leave work. It is also wise to discuss how much autonomy each person on the farm will have. Will decisions be shared, or will the owner be the sole decision-maker?

Farm manager development program

The next generation rarely has all the necessary skills and management ability to run the farm. It is just as rare that the senior generation will be excellent trainers and teachers. The solution is to craft a farm-made development program that assesses the skills the junior generation needs and places the training responsibility on the senior generation. If training the next generation is too difficult, don't be afraid to look to outside sources of farm manager training, such as trade schools, Farm Bureau Young Farmers and Ranchers, and Clemson Cooperative Extension.

Trial Period

The junior and senior generations need to agree on how long this pre-agreement trial period should last. At the end of the trial period, a decision must be made: continue farming together after writing a farm transfer agreement or part ways in a friendly manner. However, be warned, don't wait until the end of the trial period to voice your concerns to either generation. Be sure to meet often during the pre-agreement period to discuss how each generation is doing.

An Example Farm Family Pre-Agreement

Expectations for working together

Pay: _____

Time off (vacation): _____

When work day begins/ends: _____

How much decision-making freedom: _____

Other Expectations: _____

Developing management skills

I need to gain these skills: _____

I need you to help me gain management experience by: _____

I need to gain greater knowledge in these areas: _____

Terms of the agreement

How long will this trial period last? _____

What to do if things don't work out? _____

How do we talk about our difficulties? _____

Other Concerns

