

Plan for success, not just for succession

FEED MARKETING ADVISORS

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WHO ever would have thought that company names such as Kodak, Pan Am, Blockbuster, Radio Shack, Toys “R” Us or even Sears would lose their glow? In the same vein, could anyone envision their own business models becoming obsolete?

What these and many other businesses — large, medium and small — have in common is that each may well have engaged in *succession* planning, but what they did not engage in was *success* planning!

The feed industry faces its own mix of challenges. With feed representing a significant cost to produce meat, milk and eggs, efforts are required to ensure that feed dollars spent result in maximum returns for producers. Automation, innovation, technology, planning and execution are among the things required to make sure these challenges are met.

These efforts are complicated by energy costs, currency markets, environmental legislation, transportation, consumer social and other perceptions of animal products and a greater tendency by governments to regulate the industry. Many other challenges also await.

Those of us in the feed industry require more than just succession planning — or grooming a team to take over; businesses must plan for success.

Important for success

In the 1990s-era movie “Other People’s Money,” Larry the liquidator, played by Danny DeVito, observed that “at one time, ... there must have been dozens of companies making buggy whips,” and no doubt, the last company made “the best ... buggy whip you ever saw.” The trouble

was that no one needed buggy whips anymore.

The fact that the very best people oversaw the buggy whip business and were cued to take over didn’t help. The business did not plan for its future success, only for succession. The buggy whip has become a classic example of an industry rendered obsolete.

A common but limited view of succession planning answers the question: Who will take over running the business? The protocol typically is to identify key positions, the capabilities required for those positions, which people might assume them, a plan to transfer knowledge and responsibility to those who are qualified and eventually determine whether the person is up to the task. Planning may be complicated by family dynamics and tax and fairness considerations.

No doubt, planning for leadership is important, but asking the question of “who” is a lot like asking who is going to take us on a trip without knowing where we are headed — putting the cart before the horse.

The first question to be asked — even before succession planning — is: What will make our business a success in the future?

Feed business future

The feed industry of years ago is not the industry we have today or will have in

the future. It is an essential business. People need to eat. The global demand for animal products continues to increase. While the number of functioning feed mills has decreased through consolidation, those that remain are expanding to meet a growing call for their products and services.

Regardless of the size of one’s business and the inevitable need for a feed industry, planning for future success requires a serious look at one’s own business. Taking time to explore and forecast the future and one’s place in the industry is essential. Quite simply, what are we succeeding to?

Questions abound:

- What is the mission of your business, apart from being profitable?
- What is your current customer base, and what is its future?
- Is your business and the manner in which it operates relevant to your market, and will it remain so?
- What are the most significant challenges to serving your customers as they operate today and how they are likely to operate in the future?
- What are the internal and external forces affecting your market?
- Are you willing and able to make the investments in the automation, innovation and technology required to continue and expand your business?
- Are you willing to plan for success and then execute?



Photo: AlexLMX/Stock/Getty Images.

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Future of my business

The focus of succession planning most often is on “the person.” If one were in a non-competitive business, that might make sense. That is not the case in agribusinesses today. Succession planning must be strategic. While having the best people on your team to execute the plan is most critical, even having the best people execute a flawed plan usually ends badly. Eventually, producing the “best buggy whip” didn’t really matter, did it?

Once there is a clear concept of where one’s business is and should be heading for success, the skills and experiences of those best able to lead must be identified. If it’s a family business, that may not always be kin. It may mean consolidation, special markets or new directions.

There is no doubt that predicting the future is difficult. Think of the businesses birthed in the last decades of technological change while once great and historic businesses wilted in their wake; many focused only on the people rather than a sound plan. Success planning is

dynamic.

Getting back to our Larry the liquidator example: Larry, prompted by romance, decided against the liquidation of the wire and cable company acquired. The business was transformed into a profitable manufacturer of stainless steel wire cloth for making automobile airbags. Could buggy whip makers have done something similar?

What will be the future success stories in the feed industry? That is where planning begins. ■