

We're in the Future

Prepare for your operation's future by creating it.

Looking back, 2023 seemed so far away, so futuristic, so not on our radar. With the glitter settled and the champagne bottles in the trash, we made it to the future. And now that we are here, what does your “new” future look like? We set resolutions for ourselves and within a few weeks or maybe a couple months, life sets in, and we go back to our old ways. Let's start 2023 by asking ourselves some hard questions and taking on our futures as agricultural producers and leaders.

Will your operation make it to 2050?

Research tells us that a massive number of farms will change hands during the next five years or so, meaning the future for agriculture is literally now. During the next handful of years, the industry will experience a mass exodus of key players from farming — some operations will experience succession and other operations will fold. Is your operation one of the nearly 60% of farms that will see a leadership change of some kind? Agribusiness, which includes our input suppliers and production partners, mirrors us on a fundamental level — their leadership is going through a very similar shift.

Most farmers say they want to see their operations continue. As many as 80% of those surveyed want their business to outlive them; yet many farmers facing retirement tell me that they don't believe that their next generation is prepared to take over, and that's if they have younger producers willing to farm for another 20 to 40 years.

While savvy farmers have already implemented sound, measured succession plans outlining details of ownership, partnership and estate planning — certainly essentials for the future — these tools don't go far enough. These strategies ensure a proper business structure is in place, yet don't replace the human elements of business sustainability. Failure to prepare the next generation to manage a business that will look very different from yours is like not feeding livestock — they'll get behind and be unable to catch up and could even die.

Even if you've created a very nice succession plan, if you do not intentionally cultivate excellent leaders for the future, your operation risks extinction. Your knowledge can help prevent this fate. But avoiding the strategic hard work it takes to grow leaders that can handle 21st-century agriculture is a direct route to extinction. Developing, training and coaching these leaders won't be automatic. It will take a long view and a concentrated effort that will include hard decisions about the role employees, including family, play in the business. We have always adapted

to changing technology and production practices. Where we lag behind other industries today is in our human capital development.

Six reasons to focus on the future

With changes on the horizon, here are six key areas producers should focus on to set their operation up for future success. (See sidebar for more information.)

No. 1: Massive transition in current leadership and land

No. 2: The changing face of labor

No. 3: Global marketplace

No. 4: Consumer preferences, perceptions and power

No. 5: Changing technology, data and online landscape

No. 6: Relationship shifts — landlords, locals and lenders

Time for a solution

While these big six future fundamentals will affect everyone in agriculture soon (if not already), the real importance of looking at these topics is first an awareness of the potential impact they will have on your operation and then preparedness. Thinking about these big shifts often leaves people feeling overwhelmed, even if the change presents an exciting opportunity, which many do.

What can you do? Take action instead of being stymied by indecision in a place of not being ready to do something, yet waiting for something to occur. It's a tremendous risk when we are kicking the tires with thoughts like:

“Maybe one of the kids will come back.”

“Maybe my son will quit his job and decide to farm.”

“Maybe I'll just quit and sell this place.”

“Maybe we'll figure it out when we have to.”

“Maybe I just don't like to talk about my finances with the kids.”

“Maybe I don't want to face the facts that I don't know what to do.”

So, how do we have some measure of control and influence? We prepare for the future by creating it intentionally. Take the initiative and build a team which can help create an operation, of any size, that is proactive, not reactive. Succession planning is essential, and there are excellent professionals and resources available to put together a business structure that works for you. Don't wait to see what your future holds. Take charge and set your future up for success today. **HW**

Sarah Beth Aubrey is an entrepreneur and founder of Aubrey Coaching and Training (ACT). She can be reached at sarah@sarabethaubrey.com.

The Big Six Future Fundamentals

No. 1: Massive transition in current leadership and land

The real issue is knowledge transfer, or, more concerning, what happens to the knowledge if we fail to transfer it effectively.

No. 2: The changing face of labor

Competition for labor is intense. It is not easy to entice someone into farm work, especially today when most people are far removed from production agriculture. The appeal of a labor-intensive job with high seasonal hours is diminished when compared to a job with regular hours, a more comprehensive benefits package and a climate-controlled work environment. Understanding how to recruit and hire workers from outside the U.S. is becoming a necessity. While fairly common in dairy and vegetable crop operations, farmers in certain sectors (such as row crop) have not traditionally pursued these kinds of workers. Learning to navigate the regulations — and the language barriers — is a new experience for many. The labor pool may be a lot more feminine than you think. In developing countries, women are the agricultural labor force; the Food and Agriculture Organization reports that it's not uncommon outside the U.S. for women to comprise 40% to nearly 70% of farm labor. Emerging CEOs must become experts at fostering a culture where farm operations are an appealing place to work. Going forward, personnel managers must be trainers and will benefit greatly from the ability to communicate effectively with workers and leaders from other countries. Have you considered that fluency in a second language should be a requirement for your next CEO?

No. 3: Global marketplace

Global crop production has been steadily increasing in recent decades. These competitive pressures on traditional row crops, such as corn and soybeans, are increasing the glut of U.S. grain as South America continues to produce and Eastern Europe gains traction. As an industry, we know these competitors are not going away, but adapting our crop mix is a difficult sell. After all, just two generations ago, small, diverse farms gave way to larger, specialized operations — a trend that continues in developed nations. Yet, with the increase in buyers and premiums for nontraditional crops, your next CEO will have to take a hard look at diversity to remain profitable.

No. 4: Consumer preferences, perceptions and power

The power of the internet and its impact of changing food preferences is happening faster and faster and reaching more people than ever before.

No. 5: Changing technology, data and online landscape

Everything written in this section is already out of date — at least it seems that way with regard to how fast information can be transferred today. We all know the impact of the internet-enabled world will be magnified immensely for the next generation of leaders. Though still an issue, broadband access is steadily improving in rural areas, as rural telecommunication providers strive to make investments in fiber optics and expand the availability of gig internet service. An uptick in the option to work remotely is already occurring, enabling farmers to use professionals who don't even work at the farm to aid in farming itself. Technology use also becomes a personnel management issue — how is your current expertise with public relations and crisis communications? For most operations, these skills will need brushing up (or even may require hiring a PR specialist on retainer).

No. 6: Relationship shifts — landlords, locals and lenders

As one generation retires and the next one takes the helm, one of the biggest shifts in agriculture will be how effectively relationships adapt to this change. From landowners to landlords, local banks to local cooperatives, the landscape is evolving about where and whom we do business with — or without. **HW**