



Farm-Success

training farmers for sustainable succession processes

Case Studies

Germany 02

1. Intro

The farm and hops farming business has been family-owned since the 14th century. The current entrepreneur is the 21st generation to practice agriculture here. The farm is the last hop cultivator in the village. Already in previous generations, good communication and ethics were important within the family as well as in cooperation with the seasonal workers. The entrepreneurial spirit of the predecessor was already very strong. Since the handover in 2013, the successor has continued to practice the same very good operating procedures and asset development, but is pursuing his own creative path.

2. Promoter Profile

2.1 Name: n.n.

2.2 Age: 42

2.3 Gender: Male

2.4 Education: Farmer (Dipl.-Ing. agr. FH); Additional training as a beer sommelier; In addition, he was employed by an agricultural wholesale company and ran his own retail operation dealing in agricultural enterprise equipment.

2.5 Marital status: Married

2.6 Number of children: 3 children

3. Farm Profile

3.1 Address - to be used for the farm location map: Bavaria in Germany

3.2 Farm Area in ha: 56ha; 21ha Hop gardens

3.3 Date since when the family owns the farm: 14th Century (1398)

3.4 N° of workers on the farm: 3+

| | N° Full time | N° Part-time/seasonal |
|---------------------------|--------------|-----------------------|
| Family members | 1 | 2 |
| Other than family members | 0 | 10 |

3.5 Farm description before succession:

The farming operation cultivates approximately 56 hectares, of which about 21ha are hops. Even before the hand-over, the buyer was responsible for the management of the hop fields. The predecessor was already concentrating on agriculture and was also very committed to various voluntary functions, among others, in the Hops association. In the end, he was the one who decided whether additional fertilization or plant protection in hop cultivation made

sense. He has great experience, which he passes on. Long-term cooperation with seasonal workers has always been a priority. Care is taken to ensure that the workers are paid more than required by law and that they have very good housing and living conditions. Some workers have been working with them for 25 years.

3.6 Farm description after succession:

As a matter of principle, the operation continues as it had. It is not the aim of the successor to grow without a concrete goal, but to make optimum use of existing harvesting and storage capacities and existing buildings. However, there were important structural changes: the hop fields were completely relocated around the farmstead after takeover. In order to achieve this, fields were dismantled in one place and re-built elsewhere. Today, all 21ha of hops are irrigated. The irrigation system allows not only targeted irrigation, but also targeted and cost-effective fertilization at any time. The harvests are very stable and of high quality. The motto of the entrepreneur is to keep the business not only economically but also socially viable. He is now a trained beer sommelier, and would like to optimize the operation by means of complementary branches, such as a Craft Beer brewery and an events barn in addition to his full-time employment in the trade business.

4. Succession Process

4.1 Free text:

The predecessor had already made very good investments in harvesting, storage and drying technology during his managerial period. In addition to the development of the company, the predecessor tried to ensure that his son, as a future successor, gained experience outside the farm. For example, the entrepreneur spent a year in England working for a large hops cultivation firm. During his graduate training as a farmer, he held a position in an agricultural trade company. Ethics is held in high regard at the farm, and a good atmosphere is maintained: "You must always be able to look people in the eye!"

It was always clearly stated that the present successor would take over the farm. But it was only when the entrepreneur was 38 years old that the succession took place. This time was appropriate as it was the beginning of the retirement of the predecessor. The other brothers and sisters were able to be compensated with sufficient assets, so that there were no remaining burdens for the operation. The late date of the hand-over from the point of view of the successor was, however, unproblematic, since in the meantime, he earned his living in other employment. At 38, however, it was time to make it official. Today, the successor knows that the succession occurred early enough. And he appreciates what was built up by his parents and the employees. He was encouraged and praised before, during, and after surrender by the predecessor for his actions and his ideas. With criticism and good advice, the predecessor is still always at hand. Four years after the succession, the successor has already learned the first lessons: "Being employed and taking responsibility are completely different things. There are many little things that I have in my head today. Whether this is the purchase of gas or the ongoing accounting. I did not see that before."

4.2 Threats/Challenges:

Justice: This was an important issue for the family, as family harmony is important to each of the people involved (the parents / predecessor, the successor and the siblings). It was a challenge to meet the sibling's demands. However, within the framework of a consultation and moderation of the succession process, it was clearly conveyed that not only assets are transferred but also an operational company that is associated with economic risks. For example, the years from 2001 to 2006 were very bad hop years and thus also a challenge for this farm.

Responsibility: the transition to full responsibility, and the taking over of a life work can also generate pressure. In the first few years – though the successor had success, he feared making mistakes. This led to sleepless nights before the harvest. This, of course depends on you as a person, but it is a subject that must be considered: the difference between full responsibility and being employed.

4.3 Main Training/Skills/Competences

The successor was very well-trained, and the predecessor provided a strong and sustainability-oriented entrepreneurial spirit. He is building on exchanges with other successful entrepreneurs in agriculture and the rest of the economy, and is using his business network.

It needed some time to develop entrepreneurial patience. At 38, he felt it was too late, and much opportunity had been missed. Today he knows that organic growth is the best. It cannot happen all at once. He would have liked to have already known negative case examples at that time in order to slow down the impulse for excessively high levels of action following the hand-over.

4.4 Successor advice

“You must know your business, and do not exceed your capability. It is a great step from being employed to full responsibility!”

“Always remember: the ‘old people’ have not done so badly. Today I know what is behind it. And: you cannot change everything at once! Everything needs its time!”

5. Considerations, skills/competences involved in the succession process and queries/questions.

5.1 General considerations:

Predecessor and successor had already clearly communicated with each other before the succession, could praise each other, but could also give constructive criticism. The successor has his own profession, and is therefore independent of the company, could pursue his

own personal development, and gather experience abroad. The other siblings were justly compensated. In addition to business-related aspects, there are also personal ethics that ensure long-term working relationships.

5.2 Skills/Competences especially relevant for the succession process:

Important for a successful succession is the early involvement of all stakeholders. Clear communication within the family - but also among all other actors such as employees, customers, suppliers. This is important in order to be successful in the long term and maintain good co-operation. In addition to thematic training and perspectives gained from work in other companies and adjacent areas, a transfer process is crucial, which is adapted to the respective situation. This is an individual process, which must take place step by step with openness and purposeful discourse. After taking over a farm, it is important to get actively involved in the new situation, and instead of growing aimlessly to first optimize existing resources.

5.3 Queries/Questions

- Are you prepared for the tasks? How can you improve on this?
- The successor has developed in different directions and also gained experience abroad. Are you prepared for the tasks concerning technical knowledge? How can you improve on this?
- All parties involved - in particular family members - have been clearly and comprehensively informed throughout the process. Are all relevant parties involved in the process and informed about their role?
- At critical points - particularly in financial issues, external consulting was very helpful. Can external advice help improve your succession process?
- For the entrant, the increased responsibility was coupled with sleepless nights. How can you shape the process that it is not too fast for you and the predecessor?
- When is the right time for your succession?

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