



succession planning — plan for success

One of Australia's most respected turf industry families has recently embarked on the greatest challenge of their 20-year business life — a succession plan.

Charlie, Michael and Anthony Muscat have worked together every day of those 25 years in their family-run business, GreenLine Turf.

But after more than five years deliberating, the trio, with their spouses, have put steps in place to allow them to integrate the next generation.

The plan has meant GreenLine divided its assets and customer base to enable them to expand operations and commence trading as three individual entities — Green Life Turf, Greener Lawns, and Greenway Turf.

"The hardest step initially was keeping plans under wraps for more than five years while we problem solved every scenario possible before eventually nutting out the finer details of the plan before executing it during 2008," Michael said.

Inevitable step

With 14 offspring between them, the Muscats knew a succession plan was inevitable at some point.

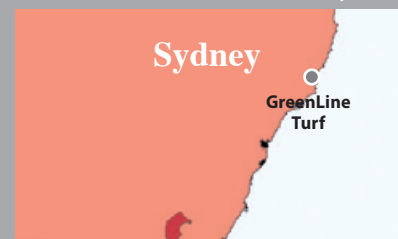
"We all knew the time was coming but we kept putting it off and putting it off," they said.

All three partners had children passionate about turf production, who continually displayed a keen interest in pursuing turf dreams to become more involved in their family-run operations.

"We really were motivated by our children to make it happen in the end — they were all so keen— you can't dampen that enthusiasm," Alexandria Muscat said.

The way the new generation has embraced their role within their individual businesses has been one of the greatest rewards to come from the transition for all families.

case study



Companies

Green Life Turf, Greener Lawn Supplies, Greenway Turf

Size of production area:

120ha (300acres) - all farms

Market focus : Domestic and retail

Varieties grown:

Sir Walter, Palmetto Kikuyu, Wintergreen, Greenless Park, Santa anna, Empire Zosta

"The boys (young Muscat offspring) are all striving and thriving to go forward – and are enjoying working with their parents to contribute to driving new success and sustained business growth simply by integrating their own ideas," Margaret Muscat said.

While the Muscat brothers said they no longer had each other to lean on in the way they had done traditionally, they were now tending to share ideas and discuss issues at a decision-making level with their kids and wives (who are all also entrenched in the businesses).

Mediation a must

The boys said the most critical key to success in their experience was to engage the services of an independent mediator to assist with the succession process — particularly with dividing up their customer base.

“It was essential we had a neutral outsider to help identify our individual and collective goals, and to help us timeframe and prioritise those goals to make them happen,” said Michael.

“The mediator we used helped us put customers into categories and divide them up from there. With some of the bigger customers we worked it out among ourselves based on relationship and history, and for the couple of key big players, the mediator spoke to us individually (not as a group) to find out our needs and to negotiate possible win-win options he had brainstormed after speaking to each party, until everyone was happy with the outcome.”

“With the smaller ones we literally pulled names out of a hat.”

To ensure the changeover was a positive experience for us and our customers, we avoided using the phrase “succession plan” and promoted it as an expansion of our GreenLine operation — which is exactly what it has been.”

“Collectively we now have more land, more machinery, and more employees — so the emphasis the whole way along was about expanding, not disbanding.”

Shifting roles

The greatest challenge for all parties has been the immediate need to multi skill and to adapt to roles outside of their traditional comfort zones.

“Don’t ever think it is going to be easier on your own, it is without a doubt much more of a burden — we all have to do everything now,” said Charlie.

Smoothing the way for successful succession

Effective communication and an independent mediator are pivotal to a positive succession planning experience.

According to Dubbo-based professional family meeting facilitator, Lyn Sykes, a family-focussed approach to succession planning will ensure all parties remain amicable during and following outcomes to be achieved through the process.

“The family and their identified needs must be prioritised before the accountants and lawyers are involved from a legal and tax perspective,” Lyn said.

Having the right business and legal structure is vital, however, it is more difficult for accountants and lawyers to provide the most effective structure if families do not first identify their desired goals and mutual aspirations according to Lyn.

Lyn also advises to never make any changes to ownership or structure without accounting, taxation and legal advice.

The maze of implications of capital gains tax, stamp duty, and GST will hinder, or in fact prevent, many options as the costs might well be prohibitive, and consequently, the necessity to work with experts in each area on specific implications for the business cannot be overemphasised.

Get in early

The earlier the planning process for succession starts, the easier the process will be. This is one of the first tips Lyn shares with her consulting farming families.

“The most common concerns for parents about to embark on the succession journey is the fear their will may be contested, or their children will fall out,” Lynn said.

“There are a number of risk management strategies an experienced facilitator can help put in place to minimise those events occurring — communication is king in this process.”

Regardless of personal or professional history with immediate family members and in-laws, it is critical all parties embrace the process with a positive and open mindset.

Through her recent publication, *A Guide to Succession: Sustaining Family and Farms* Lyn reinforces the need to plan, the need to seek professional assistance and the

importance of keeping the family and business intact.

More Information:

Government subsidies to help offset some of the costs incurred during succession planning are currently available. For further information checkout: www.farmready.gov.au

For further information, tips and checklists check out: *A Guide to Succession: Sustaining families and farms* — a factual booklet that includes practical examples and case studies, checklists and decision-making tools. This information has been published with permission from the Grains Research and Development Corporation (GRDC).

Basic guiding principles:

- Recognise that each farming business solution is different and unique.
- Obtain professional legal and accounting advice.
- Communicate openly with family members and professionals.
- Recognise differences in generational values within the family.

The most important principles involved in a succession plan are:

- To work out what the exiting generation wants to do — where they’ll live and what they’ll do in retirement — is succession an option.
- To identify the needs and aspirations of each family member in each generation.
- To build, maintain, and if necessary, repair relationships between family members.
- To manage expectations amongst family members.
- To look at transferring management and control of the business over time.
- To sort out how to transfer ownership of the business.
- What agreement there should be for the incoming generation and what provision to make for the non-farming children.

Sources: *A Guide to Succession: Sustaining Families and Farms* by Lyn Sykes and Judy Wilkinson. Published by: GRDC
High Resolutions, Karen Harper: www.highresolutions.com.au



The next generation of Muscat's.

Anthony said he had always concentrated on production, so was well out of his depth trying to find his way around Sydney doing deliveries because he was now required to produce the turf and deliver it.

On a similar note, Charlie admitted the reality of the changes were more difficult to embrace than first expected. He said

while he was in his comfort zone doing deliveries, he was now expected to learn how to produce the turf and find a market for it – all new ground he had to conquer.

"I used to think "what's he talking about", when Michael said he couldn't get our debtors to pay on time," Charlie said.

"Well now I know!"

Charlie believes closer attention to detail

with profit/loss and balance sheets are paramount now, where it hadn't been before when he could rely on someone else was looking after that aspect of running the business.

While learning new roles had been quite confronting, Charlie and Carmen said they were enjoying the new freedom to make their own decisions that gave them the ability to ultimately shape the destiny of their immediate family members.

Anthony and Margaret said they were enjoying being able to make decisions quicker, but agreed they were working longer hours — and sleeping less!

In summary, Michael said; "Just like anything you do in life — there will always be pros and cons of every decision you make... you just hope that in most instances the good will outweigh the bad".

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Turf Producers Australia Ltd (TPA) is the National Representative Body for Australia's turf producers. Our aim is to develop and foster the advancement of the Australian turfgrass industry through sustainable, eco-friendly practices.

We also endeavour through the Turf Australia brand, to educate consumers and the green industry on the benefits of using quality turfgrasses that provide unique benefits to our environment.

We are committed to the advancement and adoption of a best-practice industry approach and to that end have initiated many industry relevant research, marketing and management programs.

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Membership Benefits:

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- Community** - you become part of the turf "family" where you can share information and experiences
- Opportunity** - increasingly, TPA is identifying new opportunities and services that are offered exclusively to members
- Investment** - you will be making an investment in the future of your industry

For more information about Turf Australia and TPA membership please contact us on (07) 3286 6601 or go to www.turfaustralia.com.au

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