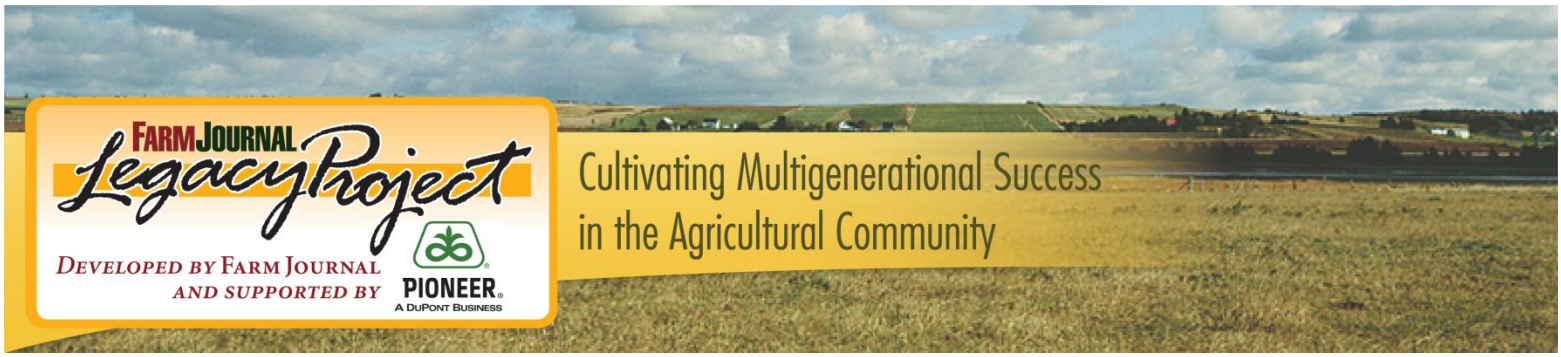

Succession Planning Self Assessment

As you begin to consider succession planning objectives, these 20 statements may help you to identify your key priorities and potential first steps.

Please enter the appropriate number in the right hand column.

5 – Agree
4 – Mostly Agree
3 – Neither Agree / Disagree
2 – Mostly Disagree
1 - Disagree

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1. Maintaining family ownership of the farm/agribusiness is important. _____
2. Only lineal descendants should be allowed to own the family agribusiness. _____
3. Ownership is a privilege, not an entitlement. _____
4. The current operation can support additional families. _____
5. The current operation is run like a business with standard operating procedures and a management structure. _____
6. The family has shared succession intentions, but not in a written format. _____
7. The owner(s) can retire without converting business equity to cash. _____
8. Business success is more important than family harmony. _____
9. Active family members should receive ownership in proportion to their commitment (blood, sweat and tears). _____
10. Active family members receive adequate compensation for their time, commitment and loyalty to the family operation. _____
11. Disagreements between family members rarely affect the work environment._____
12. All active family members share a common goal for operational growth and development. _____

13. The next generation has a strong work ethic. _____

14. The next generation works as owners. _____

15. The senior generation can allow the next generation to make mistakes and learn from experience. _____

16. There is a written plan for operational growth and development. _____

17. The farming operation provides financial security. _____

18. The family recognizes and acknowledges opposing objectives between active and inactive owners. _____

19. Regular management meetings are utilized to manage the operation. _____

20. The family communication style is very open and candid. _____

Total Score: ____

Interpreting Your Score:

85 – 100 This score may indicate a willingness to make the commitments necessary for transition. It may also point to over-confidence and/or a lack of empathy for familial tension.

70 – 84 This score reflects a healthy respect for the complexity of succession planning, yet maintains a realistic concern for the family's ability to create a positive outcome.

55 – 69 This score demonstrates humility and a realistic expectation regarding personal and familial readiness. The family may experience some significant breakthroughs and continual progress in the quest for creating a lasting legacy.

40 – 54 This score indicates a need for open discussion among active family members regarding succession intentions. The next course of action should include family meetings to discuss goals related to succession for the owner, the family, and the farm.

< 39 This score points to multiple concerns; the process of succession planning may be premature at this time. Additional assessments, personal counsel and specific plans of action may help to improve the situation.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.