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Senior Partners - 3 Get Dad a Second Career



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MILO, Iowa (DTN) -- Craig Hill, a corn/soybean/hog producer, has been preparing his son to take over day-to-day management of the farm in stages.

"It started when Adam, now 29, was 18 and rented his first farm," said Craig Hill, who farms near Milo, Iowa. "Some producers hire their kids as employees even when they come back full time, but I wanted Adam to get a feel for taking financial risks and making his own management decisions at a young age."

That was good training because now Adam gets to "run the show" on a day-to-day basis as his dad serves full time as the president of the Iowa Farm Bureau Federation.

Adam's apprenticeship has been continuing since he returned from college. For the past 10 years, Craig has served as vice president of the Iowa Farm Bureau (a part-time position) while Adam kept the farm running when his dad had to travel. However, his dad still set the pace for what happened on the farm.

Now Adam is in charge of the day-to-day decisions. "Before my dad got elected as president, I'd say 'you're running low on propane' or 'we need more feed,' and Dad would make the call to get more. Now, it's up to me to place those orders," said Adam. Time management is also up to Adam. Craig explained, "I used to say, 'you're going to grind feed this morning and then this afternoon, we'll weld the chisel.' Now Adam decides what gets done when."

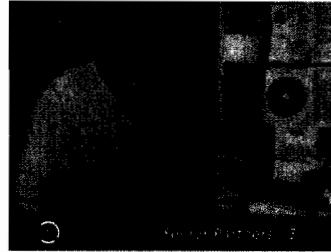
The Hills make joint decisions on overall strategies for the farm but keep their operations separate financially. On his own rental farms, Adam has always made input, crop insurance and marketing decisions. As they take on more ground, Adam will be doing the renting. Together the pair farm 1,700 to 1,800 acres of corn and soybeans in central Iowa and raise 3,000 to 4,000 head of hogs per year.

Assuring that the senior generation has a secure and separate financial base for retirement is crucial, said Wayne Johnson, a financial planner with Sylverson Strege and Company in West Des Moines, Iowa.

"If everything the senior generation owns is tied up in a joint farm, it can make parents hit the pause button or keep a more hands-on approach," he said. "A separate financial base would be ideal, but more often the senior generation can support their retirement lifestyle with more stable income generated from their personal farm holdings. Rent payments for personally-owned land are the best example of this type of income. In such cases, the rental arrangement can provide more autonomy for the younger generation, while the senior generation maintains a steady and easily understood income stream."

Another common source of conflict arises when senior partners second-guess decisions made in their absence. That's why advisers also recommend that family business partners write formal job descriptions, authorize dollar caps and clarify the kind of decisions that can be made without advance consultation.

Off-farm employment eases many of those potential strains. "To tell you the truth, I



A decade ago, Iowa Farm Bureau President Craig Hill encouraged his son Adam to build a separate operation so he could practice management on a small scale. Now that Craig's duties keep him busy full time, Adam is ready to assume more responsibility for both enterprises. (DTN Photo by Elizabeth Williams)

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was more afraid of my dad not getting elected Farm Bureau president than if he got it," said Adam. "We can hire help to get through the busy months, but I was worried if he and I both farmed full time, how do we keep both of us busy year-round?"

But the reality of his dad's new job is sinking in. Craig will be in Washington, D.C., more than two weeks in March. Adam is starting to feel the pressure to get everything done: "I have just 45 days to get two planters ready, haul 35,000 bushels of grain to the buyer at Eddyville, Iowa, (a 3-hour round trip) and grind feed for the hogs." In addition, Adam and his wife, Abby, are expecting a child in May and are moving into a new house this spring. "As with any farmer, I wish I had a little extra time and things wouldn't go wrong," Adam noted.

"There are times when it is difficult to 'let go' and let Adam make all the day-to-day decisions, but now I have no choice," said Craig.

Stepping backstage allows a parent to be a sounding board for major decisions without smothering the second generation's enthusiasm and initiative. "So far, the transition hasn't been too bad," said Adam. "We talk to each other daily via cell phone and Dad is home most weekends."

Keeping a written record of duties also eases miscommunication. In their warehouse, the Hills post a sheet for each farm they operate that states what seed, fertilizer and chemicals go on each field. "So, if I'm planting and running low on seed, I can call Mom (Patti Hill) and say, 'I need 15 more bags of seed for the Hansell farm,' and she knows exactly what seed to bring out to me and we keep track of our inventory and what remains to be done," Adam explained.

"When I rented my first piece of ground on my own, I was nervous because you're putting a lot on the line, but after those first years of taking risks, it gets easier. You know what to watch for and your reaction to risk becomes more of a normal response," said Adam, as his father nodded with obvious pride and approval.

Editor's Note: DTN's on-going Senior Partners series examines the financial, legal and emotional hurdles families face as they transition farm ownership from the senior to junior partners. To read other features in the package go to InDepth at [http://www.dtn.com/...](http://www.dtn.com/)

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