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Planning Across Generations: Helping Family Landowners Maintain Their Ties to the Land

Abstract

Many land-owning families face the difficult challenge of maintaining their property in family ownership, an issue deserving greater attention among Extension educators. In the longitudinal study reported here we assessed the effectiveness of an educational program in helping family woodland owners prepare to pass land on to the next generation and found an impact on participants' reported behavior. About 18-months after the Ties to the Land workshop, 71% of respondents reported taking at least one succession planning action as a result their participation.

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Introduction

Family-owned private forestlands are an important part of the rural landscape, providing important economic, social, and environmental benefits to the families that own them and to their surrounding communities.

Most family forest owners wish to pass their land on intact to family heirs (Butler, 2008), illustrating a tremendous opportunity for management horizons that span generations. Realizing this opportunity will require attention to the intergenerational transfer process. First, 44% of the nation's family forestlands are owned by people 65 years or older, and 15 % by people at least 75 years old (Butler, 2008). We also know that among families owning 10-999 acres of forestland (79% of family owned forestlands), most have a high interest in keeping the land intact and passing it on to heirs (Feinberg, Tyrrell, & Butler, 2007; SFFI, 2006). Mater (2005) found that while future generation forestland owners (offspring of current owners) were interested in owning family forestland at the time of transfer, they faced critical communication challenges stemming from being geographically dispersed, having limited knowledge about managing forestland and a lack of agreement among siblings about what to do with the property.

Family business and agriculture literature suggests that education that includes curriculum on the social aspects of the transfer process could help family forest owners achieve their desired legacy outcomes (DeMassis, Chua, & Chrisman, 2008; Kaplan, Nussbaum, Becker, Fowler, & Pitts, 2009; Pitts, Fowler, Kaplan, Nussbaum, & Becker, 2009). Morris, Williams, Allen, and Avila (1997) found the quality of family relationships to be the most significant predictor of successful intergenerational transition.

Intergenerational Transfer

Legal and economic (i.e., tax) aspects of the transfer process have received the most attention in forestry research (Green, Bullard, Cushing, & Beauvais, 2006) and have been the focus of most landowner estate planning education. Yet in many cases, challenges associated with transferring land to the next generation are often related to intra- and interpersonal factors. The social, organizational, and emotional aspects of inheritance must be addressed for families to succeed (Morris et al., 1997).

Key land transfer issues include creation of a unified vision, family dynamics, decision making and governance, successor development and selection, legal processes, and the current owners' willingness to plan (Le-Breton-Miller, Miller, & Steiner, 2004). Communication in particular has been identified as a critical challenge for families working on transfers (Fetsch, 1999; Kaplan et al., 2009).

Succession Planning

In this article, the term "succession planning" refers to an inclusive process of planning for the orderly transfer, governance, management, and ownership of family property. The term "legacy planning" is used in much the same way. It includes, but goes well beyond, an estate plan. Succession planning is a process and is driven by social dynamics. "Estate planning" generally refers to the narrower process of planning for the transfer of assets, including property. Estate plans can ensure heirs inherit property but do little to provide management continuity or communication and agreement among heirs or between heirs and owners. We feel it is important to distinguish between the two terms (succession planning vs. estate planning) because they carry a different meaning of scope and intent.

This article is focused on evaluation research of an educational program, Ties to the Land, developed to build awareness and motivate forest-owning families to take appropriate succession planning actions. The program was inspired and driven by local landowners and volunteers in western Oregon.

Curriculum Description

The Ties to the Land curriculum addresses a number of the key factors that influence effective family succession, including vision and goal setting, family dynamics, family meetings, successor selection and mentoring, and estate planning. The turnkey curriculum package is designed to be used by local facilitators who likely do not have succession planning expertise. The package includes:

- Pre-recorded facilitated workshop on DVD

- A 76-page workbook
- Supporting materials for facilitators
- An educational website
- Evaluation and assessment tools

The prerecorded workshop introduces succession planning to woodland owners, with content expertise provided by succession planning experts featured on the DVD. The workshop takes about 6 hours to complete, is divided into six modules separated by five interactive activities, and can be delivered in a single long or two or more shorter sessions. Key topic areas are covered using a case study approach that helps families recognize important barriers to succession, gives them an understanding of the process, and presents tools and steps they can use in the planning process. By the end of the workshop, participants are familiar with 10 actions (see rows (a)-(j) in Table 1) that will help them progress through the planning process.

Study Objectives

The objective of the study reported here was to evaluate effect of the Ties to the Land curriculum on forest owner beliefs, intentions, and actions related to succession planning. We identified participants' intents shortly after attending a workshop and also assessed their behavior, beliefs about barriers, and their families' planning efforts approximately 1 year after that. We used the following research questions to address our objective:

- What is the relationship between participation in the educational program and the likelihood of keeping the family woodland intact?
- What is the relationship between landowners' stated intentions shortly after the workshop and the actual succession planning actions 12 months later?
- How does the educational program influence succession planning actions taken by workshop participants?
- What are barriers to succession planning for forest landowners and heirs?

Methods

We conducted a longitudinal study to evaluate the effectiveness of the Ties to the Land program and determine its impact on participants' behavior over approximately 18 months following the workshop. We surveyed individuals who participated in workshops in Washington (WA) and New York (NY). Washington State University Extension collaborated with Washington Department of Natural Resources, Washington Farm Forestry Association, and the Family Forest Foundation to deliver nine workshops. Workshops were presented in two sessions, about a month apart between fall 2008 and winter 2009. There were 110 participants in these workshops. Cornell University Cooperative

Extension in collaboration with the New York Forest Owners Association delivered the workshop in the Finger Lakes region of New York in the spring of 2009. There were 24 participants in these workshops, also given in two sessions. Questionnaires at both locations were administered at two points in time. The first "post-workshop" survey questionnaire was sent by mail to participants 3 to 6 months after attending the final session of a workshop (T1), and 1 year after implementation of the initial survey (T2), we mailed a second "follow-up" questionnaire to each participant.

Study Population

We surveyed all of the participants in the 10 Ties to the Land facilitated workshops described above (N=134). Participants were a mix of current and future owners. Participants varied regarding their prior knowledge and experience of succession planning from having no knowledge or experience to having completed a plan but wanting affirmation that they had taken the correct actions.

Data Collection

Dillman's Tailored Design Method (TDM) was used to design and administer both mail surveys (Dillman, Smyth, & Christian, 2009). The T1 post-workshop survey used a 10-page questionnaire to assess learning, attitudes, and future intent to undertake succession planning activities. The T2 follow-up survey, five pages, examined succession planning behaviors and barriers to planning. Data were collected by the Ties to the Land Initiative at OSU. Response rate at T1 was 69% - 92 usable questionnaires returned. Time 2 response rate was 57% -77 usable questionnaires returned. Response rates were higher for WA participants, when compared to NY participants in both T1 and T2, 71% versus 58% and 66% versus 46% respectively.

Analysis

Data analysis was done using SPSS, v. 19.0. Pearson correlation analysis was used to determine the relationship between intention and action, and descriptive statistics were used to display data about succession planning attitudes, intentions, action, and barriers.

Results and Discussion

Workshop participants were primarily male (n=51, 57%), Caucasian (n=83, 95%), and college-educated (n=73, 82%). The mean wooded acreage owned was 251 acres (SD=322 acres, minimum=1 acre, maximum=1,280 acres). The average age of participants was 64 (SD=13, minimum=28, maximum=87). Range in age reflects attendance of multiple generations within families.

When asked on the post-workshop (T1) survey about the likely effects of participation in the Ties to the Land program on their property, 75 % (n=67) of respondents believed participation made it more likely that their property would stay in the family, 8% (n=7) said it did not, and 17% (n=15) were unsure. Asked if participation made it more likely that their property would stay in woodland, 73 % of respondents (n=58) believed it did, 6% (n=5) said it did not, and 20% (n=16) were unsure. Asked if participation made it more likely their property would stay intact, 70% of respondents (n=57) believed it did, 7% (n=6) said it did not, and 23% (n=19) were unsure.

The post-workshop survey measured workshop participants' intentions to engage in any of 10 succession planning activities presented in workshop (Table 1). These activities comprise four categories: communication with family (a-d), mentoring heirs (e, f), legal planning (g, h, i), and integration with property goals (j). To distinguish between prior intentions from those formed as a result of participation in Ties to the Land, participants could indicate whether they had already done the activity before the workshop (Column 1) or were already planning to do the activity before the workshop (Column 2). They could also indicate whether they intended to do the activity within the next 6-12 months after completing the survey (Column 3) or beyond 12 months (Column 4). Finally, they could indicate that they did not plan to do the activity at all (Column 5) (Table 1).

Table 1.
Stated Intentions on Post-Workshop Survey (columns 1-5) and Actions Taken 12-Months Following (Column 6) (Sorted by Column 6)

	(1) Did before workshop % (n)	(2) Would do anyway % (n)	(3) Intend to do in the next 6-12 months % (n)	(4) Intend to do after 12 months % (n)	(5) Do not plan to do % (n)	(6) % (n) of People responding to 12-month survey that TOOK ACTION % (n)
a. Discuss goals for your property with other family members	24.4 (20)	31.7 (26)	28.0 (23)	14.6 (12)	1.2 (1)	83.3 (50)
b. Take steps to increase your family's involvement in the property	22.5 (18)	15.0 (12)	20.0 (16)	32.5 (26)	10.0 (8)	66.7 (38)
c. Complete or share the heirloom exercise from the workshop with other family members	6.3 (5)	22.8 (18)	38.0 (30)	27.8 (22)	5.1 (4)	53.7 (29)
d. Hold family meeting about succession	15.2 (12)	20.3 (16)	40.5 (32)	24.1 (19)	0.0 (0)	47.4 (27)
e. Actively mentor family members for future leadership	15.2 (12)	21.5 (17)	19.0 (15)	36.7 (29)	7.6 (6)	45.1 (23)
f. Select family member(s) to mentor for future leadership	24.1 (19)	9.6 (13)	15.2 (12)	38.0 (30)	6.3 (5)	42.3 (22)
g. Explore options for a legal structure (estate planning aspects)	22.8 (18)	12.7 (10)	27.8 (22)	32.9 (26)	3.8 (3)	41.1 (23)

h. Take steps to share the legal ownership	22.8 (18)	21.5 (17)	20.3 (16)	30.4 (24)	5.1 (4)	38.0 (19)
i. Contact advisors for guidance on how to pass on the management and ownership of the property	13.9(11)	11.4 (9)	30.4 (24)	35.4 (28)	8.9 (7)	37.3 (19)
j. Complete or modify written goals for property reflecting succession objectives	8.8 (7)	12.5 (10)	28.8 (23)	40.0 (32)	10.0 (8)	27.8 (15)

Succession Planning Intentions

Actions respondents most frequently reported intending to do in the 6 to 12 months following the workshop involved communication with family, (d) (c) (Table 1, Column 3). The four activities which respondents had the least intention of taking were from the legal planning, family communication and mentoring categories, (h), (b), (e), and (f) (Table 1, Column 3). The top two intended actions are discrete and logically attractive initial steps following the workshop. Family meetings are a general communication tool and one of the succession planning steps given considerable attention in the workshop.

Succession Planning Actions

A year later (T2), the follow-up survey asked about actions taken within the 12 months since the post-workshop survey was administered, that were a direct result of program participation (Table 1, Column 6). Seventy-one percent of respondents reported taking at least one succession planning action. Activities participants were most likely to have done were (a) discussing goals with other family members, (b) taking steps to increase family involvement with the property, and (c) completing or sharing the heirloom exercise (Table 1, Column 5), all fall in the category of communicating with family. Activities respondents were least likely to have undertaken in the 12 months following the post-survey of the workshop were (h) taking steps to share the legal ownership of their property, (i) contacting advisors for guidance on how to pass on the management and ownership of the property, and (j) completing or modifying written goals for property to reflect succession objectives.

In the study, we measured both intent and behavior and thus were able to look at the relationship between intent and subsequent actions. We tested the relationship between participants' stated intentions and actual behavior as ascertained from the survey administered 12 months following the post-workshop survey. We found significant ($p<.05$) positive correlations between stated intentions and actual actions taken for seven of the 10 succession planning activities asked about in the survey (Table 2). The strongest correlations (correlation coefficients above 0.5) between intention and actual behavior were for (f) selecting family members to mentor for future leadership and (e) actively mentoring family members for future leadership, in the category of mentoring future leaders. Weaker but still significant correlations were found for the four actions relating to communication with family members.

Table 2.

Correlation Between Stated Intention (Post-Workshop Survey) and Actual Behavior (12 Month Follow- up Survey) for 10 Succession Planning Activities Landowners Could Undertake After the Workshop

	Correlation Coefficient	**P-value**
Select family member(s) to mentor for future leadership	.617	<.001*
Actively mentor family members for future leadership	.509	<.001*
Complete or share the heirloom exercise from the workshop with other family members	.433	.002*
Take steps to increase your family's involvement in the property	.303	.027*
Hold family meeting about succession	.302	.031*
Discuss goals for your property with other family members	.297	.029*
Explore options for a legal structure (estate planning aspects)	.285	.041*
Take steps to share the legal ownership	.209	.145
Contact advisors for guidance on how to pass on the management and ownership of the property	.158	.272
Complete or modify written goals for property reflecting succession objectives	.012	.935
*p<.05		

Intentions reported in surveys are often viewed as proxies for future actions or behavior change (Fishbein & Ajzen, 2010). We found that stated intentions did match with actual behavior for some actions. For example, completing the heirloom scale exercise from the workshop with family members had the second highest percent of intention and was also the third highest percentage of action, with a significant correlation (0.433) between intention and action. However, that was not the case for all the intentions and actions. For example, even though the action rate was high for (a) discussing goals with family members (83%) and (b) increasing family involvement with property (67%), the correlations between intention and actions on these items were quite low (0.297 and 0.303 respectively), because behavioral intention was quite low for these items, compared to actual behavior. This provides a caution for using only intention to study behavior.

Succession Planning Barriers

We presented participants a list of frequently encountered succession planning barriers. Anticipating differences in perceptions between current owners and heirs, we provided a list specific to each. When examining succession planning barriers of owners and heirs, several differences emerged (Tables 3 and 4). Owners were primarily limited by time, heir disinterest, fairness issues, lack of ability among heirs, lack of cooperation among heirs, not being ready to act, and heirs being to geographically dispersed (Table 3). Few owners stated that they were limited by the stress of succession planning, not having trusted heirs, a change in family status, or being uncomfortable discussing issues. For heirs, their primary limitations to being involved in succession planning were the reluctance of the current owners to give up control, communication issues with current owner, disinterest of family member(s), and communication issues (Table 4). Heirs were less limited by a change in family status, conflict with other heirs, conflict with the owner(s), and being excluded from the succession planning process.

Table 3.

Succession Planning Barriers of Owners

	YES % (n)	**NO % (n)**
Lack of time	38.8 (19)	61.2 (30)
Disinterest from one or more heirs	38.5 (20)	61.5 (32)
Haven't figured out fairness issues	35.8 (19)	64.2 (34)
Heirs lack needed abilities	32.7 (16)	67.3 (33)
Lack of cooperation among heirs	28.8 (15)	71.2 (37)
I am not ready to act	27.5 (14)	72.5 (37)
Heirs too dispersed	27.5 (14)	72.5 (37)
Too complicated	26.5 (13)	73.5 (36)
Planning is too expensive	25.0 (12)	75.0 (36)
Difficulty finding qualified advisors	25.0 (12)	75.0 (36)
Conflicting advice	22.9 (11)	77.1 (37)
Uncomfortable discussing issues	20.8 (10)	79.2 (38)
Change in family status	19.2 (10)	80.8 (42)
Too stressful	16.7 (8)	83.3 (40)
No trusted heirs	2.0(1)	98.0 (48)

Table 4.

Succession Planning Barriers of Heirs

	YES % (n)	NO % (n)
Reluctance of current owner to give up control	33.3 (5)	66.7 (10)
Communication issues with current owner	28.6 (4)	71.4 (10)
Disinterest of one or more family members	26.7 (4)	73.3 (11)
Communication issues with other heirs	26.7 (4)	73.3 (11)
Change in family status	20.0 (3)	80.0 (12)
Conflict with other heirs	20.0 (3)	80.0 (12)
Current owners' wishes conflict with heirs needs	14.3 (2)	85.7 (12)
Excluded from process	7.1 (1)	92.9 (13)
Conflict with current owner	7.1 (1)	92.9 (13)

Our results reveal some incongruence between the views of owners and heirs. Owners report experiencing heir disinterest, and heirs report experiencing reluctance of owners to give up control. This can be an accurate reflection of the situation or misperception generated by lack of explicit discussion between the generations. For example, owners might perceive disinterest on the part of heirs if those heirs do not express a wish to be involved in management or even discuss the property with the senior generation. This apparent lack of interest may be an expression of respect for the senior generation's ownership and right to manage the property as they see fit (Mater, 2005). Pitts et al. (2009) note that succession decisions are not always explicitly discussed and often there is an assumption of tacit agreement between generations.

It is also worth noting the different types of barriers one might experience in succession planning. There are external contextual factors such as financial resources, time, distance, advisor availability, etc., and intrapersonal factors (e.g., readiness to act, comfort with discussing) as well as interpersonal factors (e.g., fairness, conflict, communication). Survey respondents seem to struggle the most with interpersonal factors when trying to engage in succession planning.

Conclusions

Succession planning is an important process to help woodland owner, farm, and ranch families plan their legacy and shape both the physical and social landscape. Extension seems well positioned to help families begin that process with programs to increase awareness, improve knowledge, and build skills that can result in changes in behavior.

The study reported here shows that succession planning education can result in actions taken by participants, a key measure of Extension programming's effectiveness. Although our use of a convenience sample in the study limits the confidence with which we can apply these findings to other woodland owners, these findings are consistent with evidence from other programs for farm and forest landowner families working on estate or succession planning (Hachfeld et al., 2009; Heleba, Parsons, Sciabarrasi, & Anderson, 2009; Withrow-Robinson, Sisock, & Watkins, 2012).

The study also found that there was a degree of incongruence between what owners and heirs view as barriers, another indication of a need for better communication skills within families. It also indicates a potential role for natural resource educators who are positioned as conveners rather than advisors. We can nonetheless make a meaningful contribution by brining to a community relevant resources (programs and content specialists) that can help families develop skills and strategies for working through barriers.

So what are the implications of the study for Extension professionals working with woodland owners, farmers, and ranchers interested in passing their operation to their heirs?

The Ties to the Land curriculum was effective in helping families begin the succession planning process even though it is a pre-recorded program offered by natural resource specialists, rather than legal or family and community development specialists. This reflects, on the one hand, an important design element meant to take advantage of natural resource agents' connections within farm, forest, and ranch communities and to facilitate addressing the issue on a broader landscape. It is also a key limitation. Not all natural resource agents are comfortable facilitating a program in the content of which they lack expertise, which in turn may have limited its delivery. The needs of the audience and concerns of the facilitator could be served by greater involvement of Extension colleagues or other professionals with the relevant expertise in communications, business, accounting, or law.

Helping the private woodland owner community address the succession issue seems a very good fit for Extension. But it is also a major endeavor. Succession planning is a slow and complicated process, and it takes families time to progress. A program needs to reflect and, as much as possible, support and facilitate that process.

While it is attractive to educators to shorten delivery time, our observations suggest that both group interaction and the time to process the information between workshops were an important part of the program's effectiveness. The authors feel it is highly desirable to hold the educational workshops over multiple sessions. This extends the time over which a group meets, allowing families time to work on issues and practice communication techniques between the workshops. If travel distances permit, options for this include breaking the pre-recorded program into two or three shorter sessions (2 to 5 hours each). Additional sessions on related topics such as conservation easements or family communications can be offered by local Extension colleagues or other professionals with communications, business, or legal expertise, leading participants to the resources they will need to continue the process. Yet another option would be to develop a blended content approach, using on-line technologies and content to allow participants to do more work on their own timeline, while staying connected as a group.

In closing, Extension educators can play a key role in helping address the issue of inter-generational planning with landowners and their heirs. Educational programs like Ties to the Land or other planning resources that cover succession planning as earlier defined can be an effective means by which to impart the skills and knowledge necessary to make meaningful progress.

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