

XYZ Family Enterprises

5-Year Vision and Strategic Objectives

Vision 202X	
Cattle Operation	<ul style="list-style-type: none"> • Maintain Size: 400 head (same size) • Invest in Technology: Focus on reducing dependency on labor. • Increase production: Focus on quality feed and genetics to incrementally increase gains.
Hay Operation	<ul style="list-style-type: none"> • Increase Acreage: 1500 acres to 1660 acres (new Smith lease) • Finish Equipment Upgrades: All hay ground irrigation under pivots. • Labor: Reduce need for seasonal labor to move irrigation pipe • Other Leases: Consider other strategic opportunities carefully and take advantage of the right ones.
Leadership and Decision-making	<ul style="list-style-type: none"> • Sarah: Management of livestock operations transitioned to Sarah. • Jack: Management of shop operations and equipment maintenance transitioned to Jack. • Jack/Sarah: Both responsible for feed programs and strategic decisions. • Erin: Involved occasionally but will primarily assist when needed. Will participate in strategic decisions.

Values

Core Value	Description
Driven	<ul style="list-style-type: none"> • We are hard working, innovative and perseverant; we do what it takes to get the job done and seek ways to continuously improve.
Humble	<ul style="list-style-type: none"> • We remember where we came from and how this all started • We honor each other's perspectives and create a safe environment for sharing ideas and opinions. • We treat others as we would like to be treated.
Positive	<ul style="list-style-type: none"> • We recognize and embrace each other strengths • We value our employees capabilities and talents to find their place in the operation
Quality	<ul style="list-style-type: none"> • We invest for the long-term and focus on maintaining quality in everything we do – good is not good enough.
Honesty	<ul style="list-style-type: none"> • We express our opinions openly and with respect. • We do what we say, communicate proactively and own our mistakes. • Our actions reflect our family's brand.
Adaptability	<ul style="list-style-type: none"> • We are lifetime learners. • We promote growth and development in our people and businesses. • We come together to innovate and execute on a plan.
Curiosity	<ul style="list-style-type: none"> • We ask great questions, listen to understand, and strive to learn and grow with others.

Environmental Assessment

Internal Environmental Analysis

Strengths	Weaknesses (Opportunities)
Best Management Practices Assessment <ul style="list-style-type: none"> • Networking <ul style="list-style-type: none"> ○ Long history of established relationships with community ○ Good landlord relations ○ Work cooperatively with neighbors to share equipment and resources • Negotiations and marketing <ul style="list-style-type: none"> ○ Positive industry reputation for quality ○ Generally command a premium • Business planning and growth <ul style="list-style-type: none"> ○ Consistent, positive cash flow ○ Flexible and nimble (growth oriented for right opportunities) ○ Committed to annual business planning process 	Best Management Practices Assessment <ul style="list-style-type: none"> • Financial Reporting <ul style="list-style-type: none"> ○ Next gen not yet involved in budgeting or operational-level decisions ○ Budget and finances currently not shared outside of Erin • Human resources <ul style="list-style-type: none"> ○ Labor is hard to retain and getting tougher to find ○ Key staff and outside professionals are approaching retirement age ○ Long hours may not be sustainable with young families • Performance Measures <ul style="list-style-type: none"> ○ No financial performance measures identified and reviewed

External Environmental Analysis

Opportunities	Threats
<ul style="list-style-type: none"> • Crop insurance and DRP program • Diversification (other businesses, in and out of agriculture) • Potential partnership opportunities • Technology upgrades/efficiencies • Neighbors retirement • Revenue potential for new carbon credits 	<ul style="list-style-type: none"> • Labor availability and wage inflation • Water issues/water priority • Chemical and other input cost increase • Environmental regulations • Interest rates increasing • Competition for land • Supply chain disruptions

Succession Planning

Personal Goals: See Attachment*

*Personal goals identified by each participant as part of the session pre-work. Shared and documented during the session with goals identified for each participant including the following:

- Professional Goals
- Financial Goals
- Relationship Goals
- Sense of Purpose
- Well-Being

Roles and Responsibilities (RPI): See Attachment*

*Roles and responsibilities identified during the session including who is responsible, who participates, who needs to be informed and any relevant notes. Primary areas of responsibilities are outlined below. See attachment for detailed list of specific activities under these categories.

Role/Responsibility	Responsible	Participates	Informed	Notes
Business Management and Record Keeping	Jack		Erin	
Strategic Decisions and Capital Investments	Erin	Jack/Sarah		
Crop Production	Jack	Erin		*Erin during harvest.
Livestock Operations	Sarah		Jack/Erin	
Shop Operations	Jack		Sarah	
Input Purchasing	Sarah	Jack	Erin	

Transition Timeline: Expectations, Definitions, and Funding Sources

Name	Age Today	Age at Transition	Definition of Transition	Funding Sources
Erin	64	69 (202X)	<ul style="list-style-type: none"> • Role in the day to day • Help out when/where it makes sense and always during harvest • Be available for questions and advice • Work when I want to not because I have too • Have time to do other things 	<ul style="list-style-type: none"> • House is owned • Retirement savings • Social Security • Sale of the operating assets (contract with Jack/Sarah) • Lease income on real estate • Wage for work performed during harvest

Estate Planning

Estate Plan Elements

Asset	Approximate Value	Distribution	Notes
Land owned by XYZ Family Enterprises	\$XXX (market value)	Trust	<ul style="list-style-type: none"> • Net rental income to be shared by family • Purchase and sale agreement with first right of refusal for on-farm children

XYZ Family Operating Entity, core business assets and cattle	\$XXX	On-farm Kids	<ul style="list-style-type: none"> To purchase on contract at ownership transition. Remaining balance forgiven in the event of passing.
Retirement fund, insurance and liquid/cash investments	\$XXX	Off-farm kids	
Sandpoint Condo	\$XXX	Trust	<ul style="list-style-type: none"> Enjoyed by family.

*Business/Non-Business

Next Steps and Action Planning

Goals and Action Plans

1.	Implement enhanced communication strategy		
Step	Date	Responsible Party	Notes
Schedule Monday morning tactical meeting (weekly and ongoing)	4/31/2X	Erin	Daily/weekly priorities: <ul style="list-style-type: none"> Labor allocation Operations details
Schedule quarterly strategic planning meeting for updates	4/31/2X	Sarah	Quarterly priorities: <ul style="list-style-type: none"> Action plan updates Financial review Development plans Employee issues
Schedule Annual Meeting for strategic plan updates and action planning	7/1/2X	Erin	Annual priorities: <ul style="list-style-type: none"> Celebrate success Financial review Update strategic plan Strategic opportunities Set priorities Action plan updates
Schedule family meeting and retreat (on and off-farm families).	7/1/2X	Erin	Annual family report <ul style="list-style-type: none"> Financial review Estate philosophy update Annual retreat and fun.

2. Review and update estate plan documents.			
Step	Date	Responsible Party	Notes
Schedule meeting with the attorney and draft documents	6/15/2X	Erin	
Review estate plan philosophy with family	12/31/2X	Erin	Areas of focus: <ul style="list-style-type: none"> Meet with family members with their spouse Explain philosophy, approach, and answer questions.
Updated documents signed	3/31/2X	Erin	Area of focus: <ul style="list-style-type: none"> Provide copies to executor Discuss to understand intent in the event of passing.

3. Implement learning and development plans for Jack and Sarah.			
Step	Date	Responsible Party	Notes
Develop a plan for Sarah.		Erin/Sarah	Areas of focus: <ul style="list-style-type: none"> HR and labor management Financial reporting Nutrition and vet program
Develop a plan for Jack.	7/1/2X	Erin/Jack	Areas of focus: <ul style="list-style-type: none"> Input purchases Irrigation purchases, maintenance, and labor
Share financials with Sarah and Jack. Develop plan for learning varying aspects of financial management.	8/1/2X	Erin/Sarah/Jack	Areas of focus: <ul style="list-style-type: none"> Compare actual year-end results to budgeted Develop 202X operational budget (with help) Prepare 202X financial statements Participate in tax preparation and meeting with accountant
Review progress with Erin	Quarterly	Erin/Sarah/Jack	<ul style="list-style-type: none"> Compare actual business results to budget

4. Continue to upgrade irrigation systems			
Step	Date	Responsible Party	Notes
Install pivot on the Homestead circle	6/15/2X	Jack	<ul style="list-style-type: none"> Erin to coordinate project with Jack participating
Negotiate and acquire irrigation equipment for additional installation projects	9/31/X2	Jack and Erin	<ul style="list-style-type: none"> Participate with Erin in equipment purchases Introduce Jack as primary contact to irrigation dealer Jack to coordinate project with Erin's guidance
Review progress with Erin and Sarah	12/31/X2	Jack/Erin/Sarah	<ul style="list-style-type: none"> Use regular strategic meetings

5. Identify high priority upgrades and automation			
Step	Date	Responsible Party	Notes
Identify potential upgrades	9/30/2X	Sarah	<ul style="list-style-type: none"> Research farm automation Compare cost/benefit Prepare recommendation with Erin and Jack
Prepare plan, budget, and timeline for phase one of automation plan	12/31/X2	Jack and Erin	<ul style="list-style-type: none"> Move forward with recommendation. Installation next year if financially feasible
Review progress with family	12/31/X3	Jack/Erin/Sarah	<ul style="list-style-type: none"> Include as a parking lot item for the next annual meeting.

Key Decisions and Goals Summary

Summary	Due Date
1. Schedule and implement regular communication cadence to enhance coordination and communication (weekly, quarterly, annually).	12/31/2X
2. Begin five-year process for business ownership transfer to Sarah and Jack.	Ongoing
3. Review and update estate plan documents and communicate with all on-farm and off-farm children.	3/31/2X
4. Implement learning and development plan for Sarah and Jack aligned with five-year plan and Erin's retirement goals.	06/30/2X
5. Finish equipment upgrades – decrease labor risks	Ongoing
6. Execute next steps identified in action plans.*	Ongoing

*Consider moving this to the front page of the business plan. Review at quarterly meetings or other regular intervals.

Parking Board

- Technology investments to improve efficiency and reduce employee numbers

Appendix

The following information is included in the Appendix of each strategic planning session and are important documents to maintain over the years. Each are explored during the session and inform the strategic business plan.

- **DiSC Communication Assessments** – Insights and Lessons Learned about our families communication styles and preferences.
- **Business History Timeline** – Generational lessons learned to memorialize and learn from.
- **Team BMP Assessment Results** – Catalog of management best practices representing areas of potential development. Good to review annually and asses priority and progress.
- **Strategic Problem Solving and Decision Making Matrix** – Details and notes of issues identified considering perceived facts, potential solutions, potential outcomes and chosen solutions.