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...and much more



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CEO**
Solutions affaires experts-conseils

Harold and Wesley were each longing for a well-deserved retirement. Harold had four children, but none of them had any interest in farming, while his neighbour, Wesley, had not yet found the time to date anyone, thus leaving him without any descendants. Harold and his wife dreamed of Floridian sunrises, while sipping their coffee in their brand new Winnebago. That sure sounded nice. Wesley, however, still loved farming and only wanted to slow down a little.

When contemplating the sale of a farm, the big question is always, "At what price?" That 'price' being as much about money as it is about one's future plans. Whether you liquidate your farm, transfer it to a non-relative or simply sell it outright, you need to determine the choice that is best for you.

Farm liquidation

Unlike most commercial businesses, the liquidation value of a farm business is usually higher than its operational value. Therefore, if you have no interest in scratching your head trying to find the perfect successor or buyer, you might want to generate the greatest revenue by selling off the components of your farm individually. Even though you

For sale: profitable farm business with no succession

can do it yourself, professional resources can prove to be useful in properly evaluating your assets, thus allowing you to make profitable sales based on solid numbers.

Outside help might also be beneficial when selling farmland while also having to deal with the rules and regulations of the *Commission de protection du territoire agricole du Québec* (CPTAQ). Unlike dairy quotas, farmland is one of the hardest assets to sell. The selling price of farmland is often rather high and, since you can't pack it up and ship it to the new owner by UPS, your list of potential buyers is often shortened to include only your neighbours.

Farm transfer to a non-relative

Appealing to a non-relative to take over your farm business is very much like dating. You must first find the right person and then establish a relationship based on mutual trust and respect. Over the years, we've encountered an increase in such situations, and most of them have proven to be successful if certain precautions are taken.

There are many criteria to be considered when searching for a business partner, the main one being a mutual desire to preserve the results of a lifelong work. However, because you are used to running your business your own way, you will have to keep an open mind and realize that some things might be done differently. Indeed, both parties should clearly define and share their mutual expectations.

On the other hand, remember

that, by opting for farm transfer, you could benefit from many financial and tax advantages. Once again, the involvement of competent professionals could make a difference, by, among other things, suggesting legal documents to protect you and your partner from unfortunate surprises. A business partnership should not be based on the content of a last-testament or will alone, as a will can be changed anytime prior to one's final breath.

Farm sale

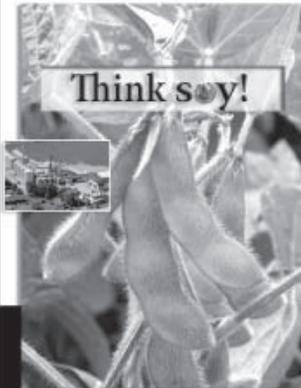
During the 1980s, Quebec welcomed numerous European farmers who were eager to buy a farm business. It was a win-win situation for farmers on both

sides of the Atlantic. However, farm sales now remain scarce for those farm owners who continue to advertise in European countries or appeal to specialized real estate agents. Today, farm-buyers are a new breed of individuals who are opportunistic entrepreneurs, with extensive knowledge and contacts, who buy farms and then either re-sell or liquidate them, always at a profit. Once again, it is important to know how much your farm is worth and how much you are ready to let it go for in order to attain your personal objectives. Many resources can be involved to help you make the right choice, but only you know exactly what you are looking for.

Coming next month: To be or not to be incorporated? There are

many pros and cons to be considered regarding the incorporation of your farm business. Incorporation might not apply to you, but then again, it might also make a world difference in both the short and long term.

Having worked for over 16 years for various organizations—including the Caisse populaire Desjardins, the Office du crédit agricole du Québec and Farm Credit Canada—Robert Savage, founder of Solutions affaires experts-conseils, has established an innovated approach to farm consulting services. With the help of a multidisciplinary team of experts, Solutions affaires experts-conseils can get your farm on its way to greater profitability by working with your existing resources and having access to a network of professionals involved in agri-business.



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