

# PIPESTONE

# System



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## BIG STONE MARKETING OFFERS BIG SERVICE TO CUSTOMERS AND PACKERS

Melissa Runck and Christine Colemer of Big Stone Marketing come to work every day ready to make life easier for somebody—or several somebodies—in the pork farm-to-market chain. And if they have to accomplish their customer-service goals by playing a fluid game of musical chairs, well, it wouldn't be the first time.

At first, what these two accomplish sounds deceptively easy. Christine explains, “We work with the packer and the producer when there's a load ready to ship, handling logistics. We coordinate a delivery time to the packer, and we keep loads arriving according to each packer's schedule and the number of pigs we're committed to deliver,” Christine says.

Are those deliveries arriving per the packer's requirements? Yes, according to Ron Browning, Hormel assistant procurement manager in Austin, MN. Ron describes the packer's role in working with the Big Stone logistics duo. “They've been instrumental in booking loads for both Hormel plants. Right now, with the relationship being fairly new, we do things to help new customers understand our process.”

Ron explains it's vital everyone involved learn what is important to the other entities. “The result will be a blending of our company cultures. Most of the time it's a matter of collecting the correct paperwork and assuring the right person gets the right info and the right person is getting paid.”

Christine and Melissa are essential to all of those connections. Whether through email or on the phone, they're constantly in contact with packers and producers whose pigs are on target to ship. “About two-thirds of the time we're on the phone,” Christine explains. “We each work with specific producers and packers to fill specific contracts.” But that doesn't mean there can't be some crossover when the situation calls for a creative solution.

“Say a producer tells me her pigs are still a little light for delivery and Melissa knows of a producer whose pigs are the right weight for the packer. We can swap one for the other,



assuring the packer of delivery according to schedule and serving the needs of both producers at once.”

Melissa adds, “It might mean shuffling three producers to get all the pieces of the puzzle to fit. Because we each work with specific groups of customers and with specific packer agreements, we have flexibility to tap all of those resources if needed. Above all, it's our mission to make these transactions easy for everybody involved.”

Ron, Christine, and Melissa also spend a lot of time every day providing the paperwork for on-farm site assessments and compiling premise IDs. It's something they do for every packer. “Accessibility to information is essential. Christine and Melissa excel at providing information, especially considering the sheer number of pigs they're dealing with. They're very professional and pay attention to details. The relationship between Big Stone and Hormel is evolving, and we're seeing producers do a nice job of meeting our requirements,” Ron concludes.

A little over a year into its life, Big Stone has already established a strong customer-service focus, thanks to Christine's and Melissa's determination to make the connections that make everybody's life easier. Learn more about Melissa and Christine on page 2. ■

# SWINE LINE

# WHY CREATE A BUSINESS SUCCESSION PLAN?

BY SEAN SIMPSON, CORPORATE ATTORNEY, LEONARD, STREET AND DEINARD, MANKATO, MN



No matter your age or the size of your farming operation, a business succession plan is important for you and your family. Treat the planning process as another essential farm chore that must be attended to now and then.

A business succession plan provides for the transfer of management, control, and ownership of a business (including the family farm operations) to another. The success of the plan is measured by the health of the business and also by the health of family relationships.

There was a time when most succession plans were designed to address only the traditional assumptions that family business failures result primarily from transfer taxes and poor management decisions after the original owner exits the business.

Although those plans controlled the impact of taxes and properly transferred decision-making authority to the right person(s), that approach ignores two causes that are more likely than transfer taxes to lead to business failure: (1) conflict between heirs and (2) unprepared heirs.

## HERE'S WHAT A SUCCESSION PLAN CAN ACCOMPLISH

Beyond passing wealth to adult heirs, the plan can provide income for the surviving spouse and minor children. It can also assure all children are treated fairly since the owner can determine which children are best suited to

operate the business and appropriately empower them to do so. At the same time, the plan sets out what assets will go to the children who are not active in the business.

In this way, the succession plan promotes family harmony by presenting a system that can reduce dissension and conflict. It can also assure control of the business passes into able hands. During the planning process, the owner can also determine how to provide incentives that will enable the business to retain key nonfamily employees.

A well-constructed succession plan provides retirement income for the owners after the sale or transfer of the farm business. And it can maximize the amount of wealth transferred to heirs by enhancing the heirs' successful operation of the business and by minimizing taxes.

Consider the following elements when developing your succession plan:

- **Develop and prioritize objectives.** Don't let the tax laws control the planning process. Wealth preservation and tax reduction shouldn't be the prime objectives of every succession plan. First, establish your priorities for the business and then consider tax efficient planning methods to achieve those objectives. For example, does survival of the business outweigh equality among your children, or is retirement income for yourself your primary goal?
- **Plan for relationships.** A well-constructed succession plan can enhance trust among your heirs. Come to terms with destructive nature of conflict among heirs and consider options that will reduce dissension and foster trust.

## CONNECT WITH BIG STONE LOGISTICS TEAM

### MELISSA RUNCK

- Joined Big Stone Marketing in fall 2010.
- Previously an online cattle marketer.
- Bachelor's degree from SDSU.
- Grew up on a cattle farm near Flandreau, SD.
- Lives in Avoca, MN with her husband, a cattle buyer.



### CHRISTINE COLEMER

- Came to Big Stone December 2010.
- Pipestone, MN native who grew up on a grain farm.
- Bachelor's degree from SDSU.
- Has experience in management, supervision, and customer service.
- Married to a Navy recruiter and the mother of two boys.



- **Determine who gets control and ownership.** Control and ownership are two different rights. Furthermore, control differs from the day-to-day management authority. Make sure elements of your plan spell out those rights.
  - **Don't forget about your retirement.** Often the family business represents a substantial portion of the owner's wealth and cash flow. For that reason some owners have a difficult time transferring the business during their lifetimes. Such owners have a tendency to over-scrutinize the actions of the younger generation and inject themselves back into the business. Therefore, cash flow planning for the owner and spouse should be a primary consideration. Ask yourself whether your retirement income will come from (a) dividends and distributions, (b) qualified pension plans, (c) nonqualified pension plans, (d) nonqualified deferred compensation arrangements, (e) sale of the business to family or nonfamily, or (f) other assets.
  - **Avoid constructing large-scale succession plans.** Implementing a succession plan in stages can increase family participation and the opportunity to monitor the plan. Global estate and business succession plans can be overwhelming to create. Afterward massive reorganization plans can also foster mistrust among family members who are asked to accept significant operating changes with no voice in the process.
  - **Institute early tax-saving strategies.** Through proper and timely planning, business owners can achieve significant estate tax savings. Gift-giving strategies are central to those savings by removing appreciation from the owner's gross estate. Valuation discounts provide another opportunity to leverage the economic interest transferred.
  - **Plan for liquidity after succession.** The succession plan must consider whether sufficient funds exist to pay estate taxes. Other commonly used tactics include life insurance or using the marital and/or charitable deductions to defer estate tax until the second spouse's death. Avoiding estate taxes through charitable transfers is a third option.
- Once you understand your goals, it's time to assemble the team. While it is not uncommon for a single advisor to prepare the succession plan, you run the risk of a narrowly focused design determined by the advisor's personal knowledge and strong points. A well-rounded team ought to include a tax counselor, an estate tax counselor, and a business counselor.
- It is never too early to start considering your business succession plan, but there may come a time when it is too late. ■



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## INSIDE

Big Stone Marketing delivers customer service. Page 1



# SYSTEM EMPLOYEES YOU SHOULD KNOW

## ERIN MCCOY OF THE GROW-FINISH TEAM

“You could say I grew up in the System,” says Erin McCoy. “In June 2002 I started working part-time at Shetek Sow Farm near Tracy, MN, and I kept my job there throughout high school and college. It was easy to spend summers working there and to fill in on school holidays since my parents live nearby.”



As far back as she can recall Erin thought of herself as a pig person. “I had little pink rubber chore boots as a toddler, and they tell me I’d have a fit if dad went out to the farrowing barn without me.”

She took her love for the hog business to SDSU, graduating in 2008 with an animal science degree. She returned to the System

as a farrowing lead at Cougar Run I for one year, before she accepted new responsibilities as a nursery pig advisor.

“I work with the System grow-finish team and some shareholders, starting nursery pigs.” It’s work she really appreciates because in addition to being a pig person, Erin is also a people person. “I enjoy visiting producers and working with them in their operations. It’s fun to meet new people and gratifying if they ask me to continue making visits.” (Working with Erin is voluntary for shareholders.)

Asked what one thing she’d like every pork producer to know, Erin highlights the value of exceptional care when pigs first arrive in the grow-finisher. “I’d like to convince everybody that spending extra time with pigs the first week or two makes for a healthier group down the road. And it can reduce labor, since there won’t be as much sorting and treating to do later.”

## FEED ALLOCATION TECHNICIAN JENNA HAUGLID

If you’re a producer who regularly calls Jenna Hauglid with feed-bin readings, you should be gratified to know those conversations are the high point of her workday. “I enjoy my job because of the interaction with farmers,” she confides. “And, I’m glad I can give back information that will help them improve their profitability.”

Jenna is the System grow-finish team feed ordering and information technician and works with 13 feed mills in four states. “I transmit the readings from producers to our feed allocation system, a software program that sets up budgets and rations and keeps track of each pig group. The software manages medications in feed, too,” she continues. “I import feed invoices from the mills as an electronic file and export those to our accountants. It’s fast and accurate.”

Jenna has been in this job for 2½ years, long enough to understand how her work complements the teamwork emphasis in System grow-finish operations. “Before my position was created, growers were calling the mills to put in feed orders.

“What I do allows our management team to know where the pigs are on budget, administer the correct feed medications, and create marketing strategies. Information comes to me from lots of points in the System.” Feed ordering for 11 of the sow farms, with assistance from Sue Buffington, is also among Jenna’s responsibilities, and she handles Meta-Farms data for several SGF business units. It’s a full day that begins with a drive from Brandon, SD to Pipestone. Jenna uses drive time to think about what she’ll accomplish that day.



This South Dakota farm girl grew up northwest of Dell Rapids amid cattle, horses, sheep, and pigs. She’s a 2009 SDSU grad with an animal science degree who first learned of the System while serving as president of the SDSU swine club. Jenna invited Dr. Barry Kerkaert to speak to the group and was so impressed with the story he told, she inquired about a position at the System. ■