

Succession Planning Creek Hill Style

By Ron Strasko, Creek Hill Nursery, Leola, Pennsylvania

In 1992, after working in the horticultural industry for 15 years I decided to start my own business, a small perennial plant liner production company. Creek Hill Nursery has grown to be a corporation with five locations and 60 employees. I'm now engaged in the process of stepping back and passing the baton of ownership to a new entity.

As you look at your handout you can see that there are many options to sell your business. I am choosing to pass my business to my son. Ross has been working at Creek Hill Nursery for the past 7 years. He started as a grower in the greenhouses and has worked his way up to vice-president. He has learned the ins and outs of the business from the daily workings to future financial planning.

How do we make a smooth transition that is fair to all concerned parties? In our case my wife and I, Ross, his sister and the Creek Hill Nursery employees?

We decided to enlist the help of a financial advisory group that handles succession planning. We interviewed four different companies and then selected the one that we felt fit best with our goals and personalities.

They in turn gave us a selection of businesses that could evaluate our worth. We picked the one that we felt would give us a fair value. Don't look for the cheapest evaluation — they are not all equal. Do ask if they have had experience in evaluating businesses in the horticultural industry.

There are two factors to look at — what is the value of the business itself and what is the value of the real estate. Once that is established my wife and I will have to determine how much per month we would need to live a comfortable life. This raises many questions, and the answers will be different for every owner; what does that really mean? It can include travel, dining out, giving to charities, education funding for grandchildren, etc.? What legacy do I want to leave? And also, how far out do you plan for? 95? 100? As we age will there be health problems? Long term care?

On the other hand, what can Creek Hill Nursery afford to pay and still be a thriving business? We want to live well but not drain the life of the business. It's important while making these decisions that everyone involved is aware of your decisions and how and why they were made. So that, in the long run there are no surprises to anyone concerned.

We have been working on this for a few months now but we aren't there yet. I expect to slowly relinquish my responsibilities to Ross and others, so that in another 2 years I can be out of the business. Of course, I will be available in an advisory capacity.

It is hard to give up control but as I see Ross bringing in younger people with new ideas, I have confidence in his ability to continue and improve Creek Hill Nursery. I know that he will make mistakes, but I've made plenty and Creek Hill Nursery is still thriving.