

Summary - Case Study 9: Epsilon Family

Business continuing

“Dad and his brother always had the end game in mind.”

The Epsilon family has a strong history of succession that has been done well. Brothers with complementary skills worked well together to build the business which could easily be broken into parts to allow succession. The use of complementary skills is a clear attribute which underpins the business.

The current generation's grandfather set up succession well and handed control to his sons when they were in their mid-twenties. Those two maintained the partnership until their children were also in their mid-twenties. The long partnership was successful because the brothers had common aims and complementary skills, one was a big picture person the other had a keen eye for detail. They also had the end game in view.

At the point of handing over to the current generation the brothers ensured that the members of this generation were free to go and do whatever they wanted to do, while they were also able to retain their 'share' of the family capital. This was made possible because the first generation who started out with 2,400 hectares (ha) running 9,000 DSE built the business to 12,150ha running between 60,000 and 75,000 DSE. 1,130ha was purchased in the late 80's for around \$670 per ha and was worth \$3,400 per ha in 2016. That represents capital growth of 8% in land alone.

The business growth in the previous generation has enabled Chris and his family to build their own business and to start to invest off farm so they can provide for their children in the same way as Chris's parents provided for him and his siblings.

Chris and his wife, with assistance from Chris's father, now farm around 2,500ha of 620mm rainfall country in south eastern Australia running about 12,000 DSE.

The critical success factors in the Epsilon family include:

1. Succession that has been handled amicably for three generations and all indications point to successful transition from the current generation to the next.
2. Creating the expectation that succession will be handled amicably.
3. Instilling a sense of stewardship.
4. Having a strong work ethic.
5. Building on the skills and strengths of family members.
6. Building the business with the end point in view. Part of that end point is that, in each generation, as children grow and have their own families they will almost certainly want to run their own business.
7. Maintaining a stocking rate which ensures that every year is profitable.
8. Being prepared to take a calculated risk and capturing opportunities as they arrive.
9. Intergenerational respect and admiration.
10. Ensuring that sufficient effort and thought goes into management and planning.