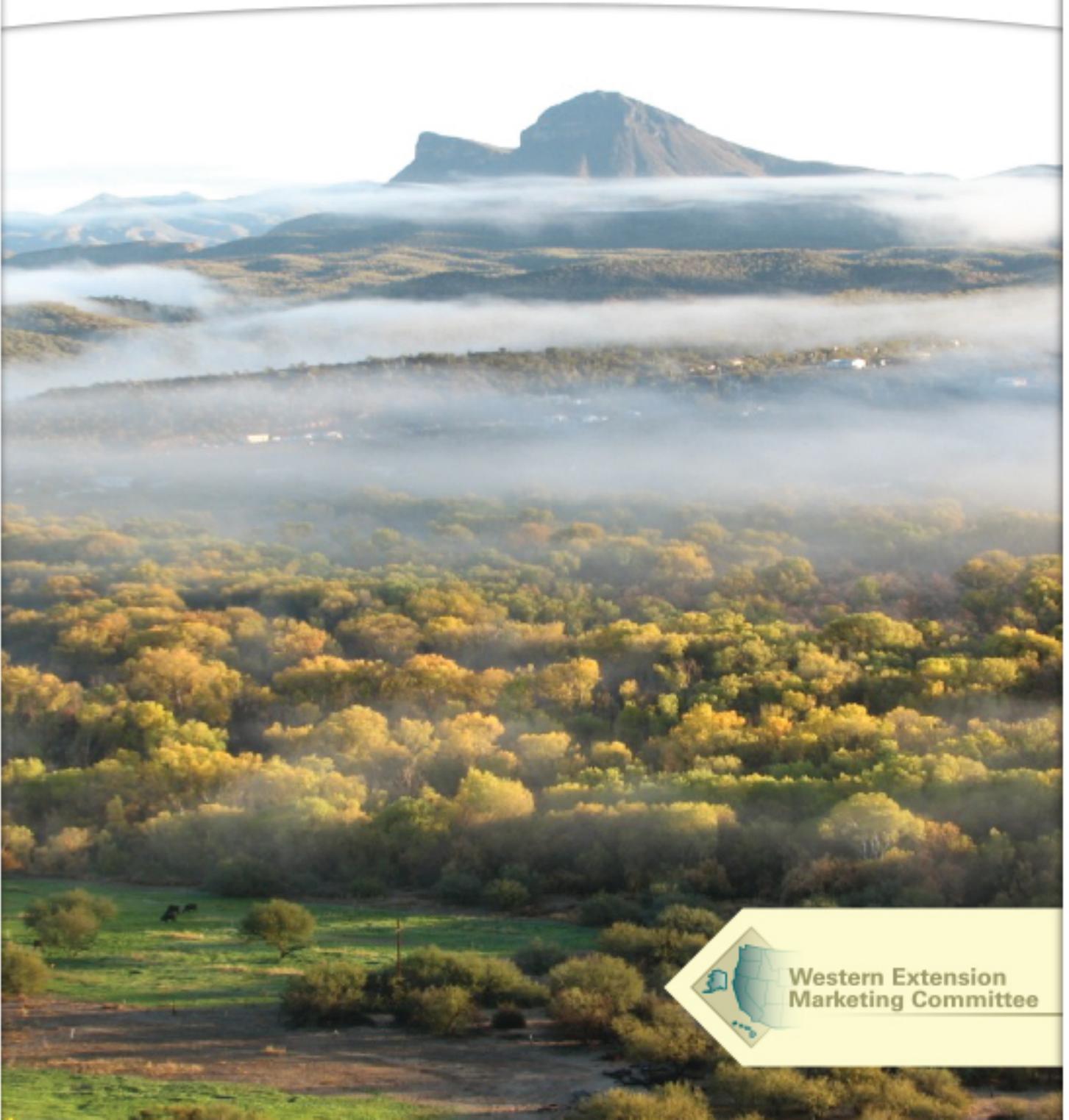


# WESTERN FARM AND RANCH TRANSITION STRATEGIES



# **Western Farm & Ranch Transition Strategies**

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## Westendorf Family Farm

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### Farm Vision Statement

*The farm sustains the family's unity and economic security. It is home base for generations to practice entrepreneurship, as well as the place where we safely live and play together. We value the family farm as a type of vocational school, where members learn to work, dream and think. Here we learn how to deal with life, to handle success and failure, to turn dreams into reality. The farm reflects God's creation and provision. We value land conservation and agricultural stewardship, balancing those with enduring and profitable business opportunities.*



### Background

The Westendorf family includes parents Jerry and Susan; sons Nick, Jeff, Daniel, and Scott; and their families. The farm is northwest of the town of Shoshone in south-central Idaho. Jerry Westendorf was born in nearby Twin Falls, Idaho. In 1947 the family bought eighty acres near Gooding, Idaho; they lived there or on nearby rented farms until 1981. Jerry attended high school in Gooding, was active in the FFA program, and started working for Ralph Faulkner's sheep and lamb operation in his "spare" time. The income from that job allowed Jerry to start acquiring dairy cows, and he later drove a milk truck at a time when milk was still picked up and delivered to the plant in ten-gallon cans, making the job much more physical than milk hauling is today.

Jerry continued to farm with his parents and in 1976 he married Susan. Nick was born a year later. Three more sons—Jeff, Daniel, and Scott—followed, and the family was complete in 1986. With good commodity prices and ever-increasing farm values, things were looking good. When an adjacent 160-acre farm came up for sale in 1981, Jerry's dad bought it. Newer equipment was also purchased during these good times. When Jerry took over irrigation management on the farm, he converted the land divisions from twenty-eight small plots to eleven larger fields to

increase irrigation efficiency. Although the availability of irrigation water had not historically been problematic, largely due to the farm's excellent water rights from the Big Wood and American Falls water districts, Jerry felt the conversion would insure the farm against potential future shortages.

But in 1983, times began to change in farm country; a farm that had been valued at over \$228,000 in 1985 was now on the balance sheet as \$50,000. Jerry's dad commented that "...it's easier to break one stick than a bundle," so they continued to farm together as a family and Susan took a job in town to help hold things together. With much hard work and "God's grace," they survived those tough years. Jerry bought out his parents' interest in the farm when they retired in 1999.

The two youngest sons, Daniel and Scott, decided that they were not meant to farm and went on to other occupations, although Daniel did work on the farm in the summer of 2002 when Jerry was recuperating from a broken ankle. Jeff stayed on the farm full-time from 2000 to 2005 and then part-time until 2010. Jeff and his wife, Samantha, moved to Boise because of the relative isolation and limited career opportunities in Lincoln County. Jeff is now a firefighter and paramedic.

In his twenties, Nick, the eldest son, went to college and managed an auto dealership. A sixty-hour workweek and the birth of his son eventually led him to look for ways to have more family time and a better pace of life. Nick worked part-time on the farm for a few years, but he and his family returned to the farm full-time in 2008. Jennifer also works off-farm for the Twin Falls police department.

## **The Transition Plan**

The family's current transition plan is informal; Nick and Jennifer are gradually transitioning into managing the operation and Jerry and Susan are in the "letting go" discussion phase of transition. The family has sought legal and financial advice from their attorney and accountant. Other than the sale of a five-acre home site to Nick and Jennifer, resource changes have not been necessary. Nick's current position is as a farm employee, replacing an employee who had been with Jerry's father for many years; Jeff's tenure on the farm from 2000 to 2005 was part of that transition. Although Nick grew up on the farm, he had been gone for twelve years. Since his return, he has been learning about farm operations, from irrigation (flood), cattle, and the feeding operation to types of hay and the cropping rotation. When Nick first returned full-time, Jerry was the boss and Nick was the hired hand. Although Nick's status on paper has not changed, in practice he has taken on more management responsibility. Nick is the third generation on the farm and hopes that he and Jennifer can pass this legacy to a fourth generation.

In the winter of 2011, Susan enrolled in the Building Farmers in the West (BFW) program offered by the University of Idaho Cooperative Extension.<sup>1</sup> The BFW class made Susan aware of the importance of keeping the farm in the family, which would involve joint resources of the parents and their children and mapping the farm's future with perhaps two or three generations living on it and making a living from it. One immediate outcome of her participation in the BFW class was her decision to build a hoop house and raise raspberries. The fruit is currently marketed through Idaho's Bounty and directly to individuals. The Westendorfs may expand their marketing to area farmers' markets in nearby Gooding and Shoshone. They do not currently offer U-Pick sales. In general, the Westendorfs prefer direct marketing their products, including the raspberries, as well as other farm commodities. Hay is put up in small bales (80–100 pounds) and direct marketed for feeding horses, sheep, and goats. Their barley is sold to the Blackcat Feed Mill in Gooding. In addition to the crops, the Westendorfs also have a Hereford cow-calf operation and grow out the calves in their backgrounding facility. The stockers are then sold via the local auction yard or occasionally to a local buyer. In 2006, Nick purchased ten cows, allowing him to build an interest in the beef herd.

## Communication

The family is approaching the transitioning process thoughtfully and not rushing into the decisions that must be made. There are a range of issues that need to be worked out, from finances and asset transfers to legal work and managing family relationships. Although Jerry has acknowledged that a transition is necessary, his good health and desire to remain involved have made it challenging for him to “step back.” Part of the answer has been continued, reduced involvement with day-to-day farm operations, and his interest in mules has allowed him to



maintain his farm connection without as much direct supervision of the operation. Because the farm has been Jerry's entire life's work, the process has been emotional and required maturity to keep moving forward, even though at times there has been a strong desire to quit the process.

In 2006, the Westendorfs did some initial thinking and discussion about what they wanted

<sup>1</sup> Building Farmers in the West is a regional project funded by NIFA-USDA. Information is available on the BFW website at <http://buildingfarmersinthewest.org/>.

for the farm's future. In 2010—before Susan participated in the BFW class— they put some thoughts down on paper. Susan's participation in the BFW program also encouraged their four sons and their spouses, as well as Jerry and Susan to write a Values Statement outlining how they see the farm and its future and allowing each individual to see the others' perspectives. The family has used the statement to evaluate their decisions. Jerry knows from first-hand experience that beginning the transition process can be difficult and doesn't want the next generation to have to start from scratch.

In general, the three brothers not on the farm have been supportive of Nick's return. Although Jeff had been on the farm earlier, circumstances have prevented him from being permanently involved. There are



still some unresolved issues, but they will eventually be resolved as the farm's future and each person's role in the operation are decided. Nick recently wrote to his brothers about his desire to own and operate the land and business. He talked about family unity and his desire for the brothers to use the farm for enterprises, occasional labor, and recreation. Nick referred to his and Jennifer's Values Statement, as well as to what the brothers wrote in theirs. As he listened to his brothers' criticisms, Nick used the Values Statements to clarify his thinking and focus on their goals.

For the Westendorfs, another answer to the problems involved in the transition process has been their strong faith in God. They see the importance of being good and careful stewards of what has been placed in their care and have allowed this shared value to guide them as they continue with the transition process. It was a "leap of faith" for Nick and Jennifer to surrender a lucrative off-farm career and return to an uncertain future. All are confident that their faith will continue to guide the process.

## Conclusions

Continuing discussions among Jerry, Susan, and Nick will allow them to develop their plan for transitioning the farm, which they will then take to the other three brothers. Their first priority is to maintain the farm operation, then to evaluate transition options. Several ideas are currently under consideration, including gifting feed and machinery and using equipment without charge. Also in discussion is whether to lease, sell, or have Nick inherit the farm (or some combination). Continuing discussion has allowed Jerry and Susan to become more committed to

transferring the operation to Nick and Jennifer. While other family members have raised some concerns over fair versus equal treatment of all, legal and financial advice has reinforced the principle that equal isn't always the fairest way to treat all involved. The present plan is to sell the real estate to Nick and Jennifer via an FSA mortgage and then transfer the machinery and livestock under a separate contract. Jerry and Susan would retain a life interest in their residence and use the farm sale to purchase a second home and accumulate savings that would eventually be the other sons' inheritance.

When asked what they might have done differently given what they know now, Jerry and Susan commented that they would have started thinking about transition much earlier. Additionally, they didn't raise the sons with the idea that they would stay on the farm. If they had, they would have spent more time on "how to farm" from an operator's point of view rather than just getting the chores done. However, they pointed out that there are always issues, and one has to plan and adjust daily to maintain the operation. When asked about the business model for the farm, their perspectives are related to their business and family model. Jerry and Susan value being good stewards and having the farm serve the family, and Nick appreciates a lifestyle that incorporates good values and a wholesome way for him and Jennifer to raise their children.



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