

Woodbury: Farm Family Business Getting Unstuck



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Bio

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Spring often brings quickly melting snow and rain, and with the moisture comes the likelihood of getting stuck. It's not unlike a family business, when each partner's history, behavioral style, communication patterns, management ability -- and even frustration with in-laws or off-farm siblings -- can combine and cause one or several partners to feel that the business has stalled, that it's not progressing. And when the business gets stuck, people start to lose enthusiasm and motivation for the future.

Some of the most common frustrations are related to ownership transitions. Strong-willed founders may say they want to slow down, but never give their successors the authority to make the decisions and investments that keep the business growing. There's nothing worse than to hear a 55-year-old say they have wasted their career, because their 80-year-old parent won't let go. Failure to establish an estate plan that recognizes the contributions of on-farm heirs can also leave junior partners feeling that they are investing sweat equity only to pay for it again when off-farm heirs demand cash to settle an estate. In other cases, brothers feel they are carrying the workload for weaker siblings, just to keep peace with their parents who want to divide everything equally. They worry that confronting the problem may mean they spend Thanksgiving dinner alone.



Families who dodge conflict are likely to bog down their businesses rather than develop forward-thinking strategies. Start the conversation by admitting you're part of the problem. (DTN file photo by Ben Riensche)

Admit You Are Mired

One of the biggest obstacles to progress is the inability to admit and take responsibility for a stalemate. People initially want to blame others like their mom and dad, or their son's wife, or their brother's son for causing a lack of progress in the business. Sometimes people, and especially parents, don't want to admit there is a problem, because they don't know what to do about it. They look the other way while the family fights or the business spins its wheels, hoping things will start moving again after some time passes.

The reality is that the family business system is much more complex than any one person, and that such systems don't change without people choosing to help them change. When you and every other family business member wear the hat of owner, employee, sibling, manager, son or daughter -- simultaneously -- confusion and conflict is bound to occur. In light of each person's strengths, weaknesses and baggage, the question is not "will" you get stuck, but rather "when" will you get stuck. And the important answer lies in how you deal with it. Admitting that the business is suffering and that each partner has a role in making it better is a prerequisite for moving forward.

Recognize Your Role

One client I work with -- a father -- always reminds himself and others that "he's a part of the problem," even when he's frustrated with others. It's a sincere acknowledgement first that the family business has problems, and second that his involvement has helped create some of the issues. It also makes it easier for other family business partners to admit their contribution to a lack of progress.

Explore Different Paths

Irony is not lost on the fact that, by agreeing as a family that you are stuck, you are actually agreeing on something! To capitalize on that momentum, I encourage people, as a group, to explore different paths to the future. What will have to change if you stay together? What would be the impact of splitting up? What would a different organizational

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structure mean for the business? Asking such questions, particularly with the aid of your professional advisers, can help people visualize options. In a recent case, several partners decided to stay together after thinking more deeply through the details of splitting, the tax consequences and the loss of economic scale that would occur in a division. Now they are in the process of developing a new structure that allows them to stay together for some activities yet operate more autonomously.

Identify and Commit to Action Plans

Getting unstuck does require that you change something. Clearly identifying next steps and action plans, and following through, is critical to getting somewhere different. Identify who will be responsible for exploring or implementing certain changes, a time frame for accomplishment, and when and how you will communicate about those efforts.

Taking action to move the family business forward is the equivalent of getting out of the vehicle when you are stuck in the mud. You will probably get a little dirty, but it's required to move forward!

EDITOR'S NOTE: Lance Woodbury works as a consultant to family-owned and closely-held businesses in Garden City, Kan., with a special emphasis on business planning, mediation and conflict resolution. He also maintains an interest in his family's western Kansas ranch. E-mail comments or suggestions for this column to lance@lancewoodbury.com.

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