

Farm Family Business Using an Outsider



Lance Woodbury DTN Farm Business Adviser
Bio

Mon Aug 9, 2010 02:45 PM CDT

If you had to periodically submit your family business' status and plans to the review and comment by an outsider, such as a successful business person from another industry, would you view that as:

- A waste of time, as that person probably wouldn't understand your business or have anything to offer;
- A breach of confidentiality because you don't air your dirty laundry, or;
- An opportunity to get feedback that would likely improve your business?

As I've facilitated business meetings over the last few years, more and more families are inviting a respected peer to sit in on the discussion and offer feedback and guidance. Families see the inclusion of an outsider in strategic business planning as one ingredient in charting a successful path to the future. And by outsider, I don't mean a consultant; I mean a business owner's peer, one who has achieved some measure of success and therefore has some perspective on what it takes to sustain a successful enterprise.



After you decide on certain strategies, having an outsider at the table -- particularly one you respect -- will keep you motivated to follow through on your action plans. (DTN/The Progressive Farmer file photo)

THE COSTS

Asking an outsider to sit in your meetings can be a big step. You have to be ready to let someone else see the mistakes you've made, and that can be humbling. You have to be ready for some honest assessments of your business' strategy, plans and human resources, and that can be hard to hear. And you have to be ready to have your assumptions challenged, which ultimately requires a challenge to your view of how the world works.

You should also plan to compensate that person for the time they are spending with you. They may decline the payment, in which case I suggest you give the money to the charity of their choice, but you need to show them that you value their input. (I often suggest a range of \$1,000 - \$2,000 per meeting, depending on the format and location of the meeting.)

THE BENEFITS

For the brave, the benefits of an outside adviser far outweigh the costs. In exchange for a relatively small payment of money and ego, you gain a whole bunch of ideas. The very fact that the person has not grown up in your business leads to questions and insights and ideas of new things to do. Managing assets differently, new strategies for dealing with your lender, potential partnerships, value-added opportunities, new human resource strategies... the list of new business practices for the family goes on and on.

Another benefit is accountability. After you decide on certain strategies, having an outsider at the table -- particularly one you respect -- will keep you motivated to follow through on your action plans. Knowing you will face that person again in a few months provides significant incentive to accomplish your goals. You simply don't want to disappoint someone you respect.

Another benefit is education. The outside adviser has a set of unique experiences and lessons that they are often willing to share, and those come out in the discussions. Their lessons help you avoid some mistakes as your business grows, and can be particularly valuable in a multi-generational setting as the younger generation prepares to take the helm.

Free webinar

Explosive Wheat Market Explained

Tuesday, Aug 10 • 7 p.m. Central

The wheat market has been explosive over the last two months. **DTN Senior Analyst Darin Newsom**, DTN Ag Meteorologist Bryce Anderson and others will talk about the global supply and demand situation, weather events, and a variety of other facets of the market to shed some light on what has happened and what might occur in the days, weeks and months to come.

[Click here to go there now](#)

Related News Stories

[Minding Ag's Business](#)

[Minding Ag's Business](#)

[SURE Disaster Payments Make Princes and Paupers](#)

[Ag Interest Rate Snapshot](#)

[Wheat Explosion Explained](#)

[DTN Webinar Discusses Volatile Market Action](#)

[Crop Insurance "Needs to Get Lean"](#)

[RMA Chief Urges Industry to Tap Technology](#)

[Minding Ag's Business](#)

[Corn Belt Still Suffers from 2008 Hangover](#)

[CoBank Q2 Earnings Slip](#)

[Ag Loan Demand Falls as Commodity Prices Soften](#)

[Dow Chemical Posts 2Q Profit](#)

[Results Trailed Views, Competitors](#)

Ag News

[DTN's Quick Takes](#)

[Washington Insider -- Monday](#)

[Senate Legislative Flurry](#)

[Market Impact Weather](#)

[Midwest Heat May Stress Crops](#)

[FSA Defends Farm Disaster Aid Policies](#)

[SURE Problems Minimal, Agency Says](#)

[USDA Weekly Crop Progress Report](#)

[Corn, Soy Condition Ratings Hold Mostly Steady](#)

[Wheat Explosion Explained](#)

[DTN Webinar Discusses Volatile Market Action](#)

[Farm Family Business](#)

[Using an Outsider](#)

[Senators Urge DOJ on Monsanto](#)

[Wisconsin, Minnesota Senators Ask for Anti-Trust Review](#)

[more...](#)

U.S. & World News

[Al-Qaida in Pakistan Biggest US Threat](#)

[NKorea Fires Artillery Off West Coast](#)

[House Heads Back to Pass Jobs Bill](#)

[Moscow Deaths Double Amid Smog](#)

[UN: 13M Suffering from Pakistan Floods](#)

[Murdered Foreign Aid Workers Identified](#)

Finally, the outside adviser often serves as a resource beyond the planning meeting. They are generally willing to hear your ideas throughout the year, or might help you reflect on how to handle a particular situation that comes up outside of a board meeting. After knowing more about your business, they might serve as a conduit to other resources or advisers, or might even see a new business opportunity.

People often feel they are not ready to bring in an outside adviser. They think they need to get to a certain point of operational excellence, have all their family conflict resolved, or have things "figured out" well into the future. But the benefit of an outside adviser is that their presence, perspective and advice can help you achieve all of those goals more quickly. And who doesn't want to get to the next level sooner rather than later?

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.

(MZT/AG)

© Copyright 2010 DTN/The Progressive Farmer, A Telvent Brand. All rights reserved.

[+ Add to Favorites](#) [◀ Prev](#) [Next ▶](#)

[Freddie Mac Requests \\$1.8B in Aid](#)

[Gitmo to Hold 1st Trial Under Obama](#)

[more...](#)