

Marketing

Ensure effective family meetings



Family Business

By LANCE WOODBURY

OUR last column was about getting people to see (or agree) that the communication process is important in a family business. Once family members agree that talking about their business and family is important, what must happen to ensure a productive conversation?

Several steps should be taken before jumping into family meetings.

Who participates?

First, define who should participate and at what point. For example, if the main focus of communication is on operational business issues, it may be appropriate for only the family members working in the business to participate.

However, if the issues to be discussed relate to current or future ownership of the business, it may be important to include spouses and maybe even off-farm heirs. My general rule of thumb is to include people who could really throw a wrench in the plans you are making so that people who are important to the solution have the best chance of psychologically owning the answer.

Make an agenda

Setting an agenda is key so participants understand the range of items to be discussed. Tension often occurs when people come to a meeting expecting to talk about something that matters to them, but they don't have a chance to bring up those issues. On the other hand, a "surprise attack" on a family member can result in a premature ending of family communication. Solicit input from all parties for agenda items; then give all participants a chance to see the agenda before they arrive. This helps set a positive tone for the meeting.

Business mileage deduction rises

YOU'RE used to getting good news and bad news from the Internal Revenue Service. And this certainly qualifies as good news: The 2008 optional standard mileage rates used to calculate deductible costs of operating vehicles for business was bumped up to 50.5 cents per mile driven, effective Jan. 1. It applies for business use of cars, vans, pickups and panel trucks.

The bad news? The standard mileage deduction for medical or moving purposes was dropped to 19 cents a mile. The rate remains at 14 cents per mile driven for charitable organizations.

Changes are based on an annual study of fixed and variable costs of operating an automobile, although the rate for charitable rules is set by law.

Note: The IRS says you may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System, after claiming a Section 179 deduction for that vehicle, for any for-hire vehicle or for more than four vehicles used simultaneously.

Key Points

- Get family members to talk effectively about business by following a few steps.
- Setting an agenda ahead of time gives participants a chance to offer input.
- Lay ground rules to make sure the meeting stays on track.

Finally, set boundaries and ground rules prior to the meeting, such as meeting time, length, location, participants and a facilitator. Ground rules I

often suggest: 1) stay "future focused" on upcoming decisions and don't dwell on the past; 2) everyone participates; 3) no one person dominates the meeting; 4) disagree openly, instead of after the meeting behind someone's back; and 5) work to articulate others' positions.

Stay on track

I encourage families to hold each other accountable to these rules so when someone in the group strays from them, getting back on track is not seen as an

attempt to limit that person's participation — it is only about staying focused on the meeting and ground rules.

I often hear from families who want to get the communication process started but are not sure about hiring an outside facilitator. By following some of the suggestions above, a family has a good chance of making communication headway on important business topics.

Woodbury works at the Garden City office of Kennedy and Coe. For more information, visit www.kcoe.com.



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