

## Marketing

# Nuts and bolts of family dialogue



## Family Business

By LANCE WOODBURY

**A**FTER facilitating hundreds of family meetings in the past dozen years, I have found a number of common agenda items that would serve any family well to discuss. With the current volatility in agriculture and concerns in the livestock industry, now might be a good time to check in on a few items.

### What is the vision?

A good place to start is with the family's collective vision for the business. Where is the business going? Is it expanding, and if so, in what areas? Should the business diversify into other business ventures or geographies to lower overall risk? Is a goal to achieve more vertical integration or to be a low-cost commodity provider? How does the direction of the business line up with people's interest, energy and passion?

Another discussion topic might be the role each person will play in that vision. How do key people in the business see their role changing one, five or 10 years into the future? Some may be headed for a gradual slowing down, others may be planning to get more involved in management, and some of the younger generation may be trying to figure out how to return to the business. Ask people what they want to do and where they see themselves going to make sure individual visions match up with the corporate direction. This also helps anticipate significant ownership and management changes so succession plans can be developed.

### Money matters

Discussion of the current entity structure and financial condition is paramount. Farming and ranching businesses can rack up a lot of entity structures through estate planning and farm program participation, leaving some family members confused about the

### Key Points

- Although every family is different, common themes should be discussed.
- Financial and business goals and each member's role must be addressed.
- Regular communication about these factors is critical.

structure and purpose of each entity. Having your professional advisers walk through the entity structure and en-

courage people to ask questions fosters a better understanding of why the business looks the way it does. Similarly, reviewing a consolidated income statement and balance sheet, and perhaps looking at a few key financial ratios, can help family members understand the financial health of the company.

### Schedule communication

Finally, discuss the ongoing communication schedule of family members. While you have everyone together,

gaining commitment to meet again — preferably on a regular basis — helps prevent conflict and misunderstanding about important business issues. If the business communication process is approached with as much thought as new equipment decisions, land purchase opportunities, planting decisions and nutrition plans, the chances for family business success improve dramatically.

Woodbury works at the Garden City office of Kennedy and Coe LLC. Learn more at [www.kcoe.com](http://www.kcoe.com).



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