

The Counselor Is In

Mediators can diffuse **family business** conflict

From all accounts, the Perkins family should have been at loggerheads: In the past 10 years, the family doubled its Howard, Kan., ranching business to accommodate the next generation—daughter Liz and sons Mark and David. Mark, the first to return home, is training his siblings and learning to pass on responsibility. Together, the three are forming a workable partnership.

Like most agricultural businesses, the operation's individual entities, two ranches and a farm, were managed independently by the siblings. But their success also depended on cooperation with the other entities. Trying to sort out who was in charge of what was causing tension and even harsh words.

"We are all strong-willed, with our own ideas," says Liz Perkins. "We tended to step on each other's toes."

Adding to the stress, the family was updating its estate and succession plan. And not everyone was in agreement about long-term business strategy.

Diffused. This is the kind of situation that can break a family and a business. But the Perkinses brought in conflict mediator Lance Woodbury, and now the family communicates better and has more fun. "Things still go wrong," says Liz Perkins. "But we sit down and rationally discuss something instead of getting mad."

That's just what Woodbury, with Kennedy and Coe, in Wichita, Kan., likes to see. He is one of an emerging breed of farm business-management advisers who concentrates on the "softer" issues that can make or break a farm—family business communication and conflict resolution.

Unlike a traditional counselor, Woodbury doesn't offer therapeutic solutions. Instead, he tries to help family members sort out their own remedies to ongoing business tensions or problems. "The courts who work with mediation have learned that people are more likely to stick to agreements that they develop themselves," he says.

The first step to resolving any family business conflict is

By Laura Sands

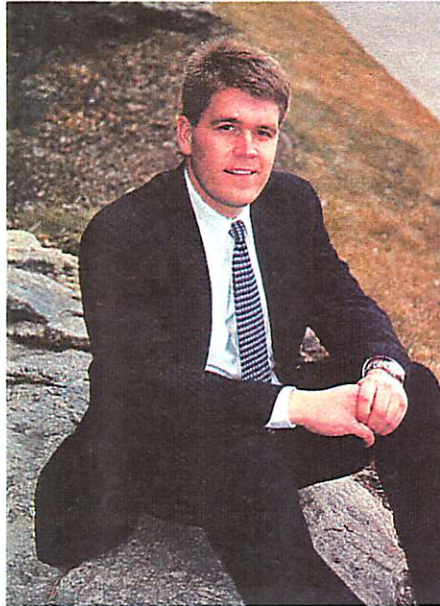


PHOTO BY THE AUTHOR

Adviser Lance Woodbury helps family farms sort out tough issues such as estate planning and management responsibilities. "Many times the key is learning to communicate better," he says.

recognizing there is a problem. But that isn't always easy in closemouthed family operations. Sometimes, says Woodbury, problems are so entrenched a family may not see the conflict issues.

Signals. There are warning signs. For example, are all family members aware of what is going on in the operation? Is decision-making unilateral or handled among all the partners? Are expectations of family members openly discussed? What is the nature of the personal relationships? Are family members comfortable together at social events and holiday gatherings?

It is a rare family business that has no conflicts, notes Woodbury. For example, he is frequently asked to mediate disputes about work ethics. If one partner regularly leaves early to golf or fish, others may seethe. There are other common conflicts: Some family members may have more years, money and effort invested and expect that to be reflected in their paycheck. Others may have superior leadership or management talents but are stifled by the family pecking order.

The best defense against conflict is a good offense. "Talking about expectations upfront can keep people from getting upset later," says Woodbury.

Many advisers recommend that any family farm partnership agree to these seven basic behavior ground rules: (1) treating each other with respect, (2) listening to one another, (3) talking about conflict, (4) discussing the "undiscussable" (5) participating in finding solutions (6) challenging assumptions about one another and the business, and (7) clarifying expectations. Those who don't follow the rules or who take advantage of the business by not pulling their weight or treating others in an unprofessional, uncivil manner should be confronted.

Not all conflicts are worth resolving, adds Woodbury. "Sometimes," he says, "they may be better off just agreeing to disagree."

Fortunately, "in about 90% of cases, people are actually on the same page," Woodbury says. "They just don't know it." ■