

# Family Business Insight for your Agriculture Company August 2015

## **Guiding Principles: Trust and Treat Partners Like Family**

#### **By Tanner Ehmke**

Bob Temple, general manager of WindRiver Grain in Garden City, Kan., likes to keep his business partners close. In fact, they're more like members of a family. "We want the best for them," Temple says of his relationships with crucial partners like the railroad or other transportation companies. "We brainstorm and communicate in a very transparent way to them just like we do our own team." (Read more on Bob's business beliefs in the May issue.)

Seeing business partners as trusted members of an extended family is a principle crucial for risk management and building value in any supply chain regardless of the industry, says <u>Vincent Amanor-Boadu</u>, Kansas State University agricultural economist who specializes in business development and strategic management.

When players in a supply chain can come together and cooperate as a single unit, Amanor-Boadu says partners can agree to share the profits of success in unique ways that make the economic environment irrelevant to their success. This includes prices and competitors, and even public policy.

When bad economic times hit and competitors are struggling, supply chain partners leverage their built strength to sustain their performance and even grow. Each partner also has a new level of vision for the future and is keener on risk management.

"If you pay attention both upstream and downstream, you'll be able to see things before they happen," Amanor-Boadu says. "Things often happen all of a sudden in the supply chain. But in truth, things have been happening for a long time and we just weren't paying attention, like a major customer goes out of business or a major customer gets taken over by China and they change the rules of the game, or another player enters the market and disrupts everything. Being conscious of what is going on along your whole supply chain allows you the right strategies to minimize risks and accelerate your ability to seize opportunity."

The key ingredient to achieving that enviable level of success, Amanor-Boadu stresses, is trust. Without relationships grounded in trust, sustainable supply chain partnerships are impossible. "[Partnering] is the only way you can do it properly," he says. "You cannot play the new global game all by yourself."

### **Success with Key Non-Family Staff**

#### **By Davon Cook**

If you have a non-family employee in a key management role, have you intentionally thought about their influence and importance to your operation?

Non-family team members can be good as gold if you're blessed with the right one. Their presence helps maintain a spirit of professionalism in family interactions, and often can calm emotional firestorms. Just having them in the office, barn, or field holds you to a higher standard, not to mention the specific skill set they may bring that your family does not possess. They can improve credibility, as customers and landowners assume that if someone outside the family wants to work there, it must be a bona fide, professional operation.

However, you must be able to trust key non-family employees implicitly because they often get to see the good, the bad, and the ugly. It can be detrimental to have someone publicly airing the family laundry or finances. There are negative impacts from non-family team members not being discreet or misrepresenting things. And interestingly, it isn't always an issue of indiscreet public disclosure; sometimes they intentionally create drama within the family.



Trust and discretion are soft skills that you must evaluate. Ultimately, it depends on the person. But if you find the right one, hold on to them! Make them feel valued as an important part of the team—both as a professional and as an honorary member of the family, if appropriate. Keep in mind the philosophy a producer shared with me: "Treat them like family but remember they're not." She explained that family members may have developed over time a strategy to deal with things like dad's unpredictable temper, but a non-family employee confronted with this situation might not know this strategy or have the same degree of motivation to manage this unpleasant encounter. You risk running them off if they are drawn into too much family drama or communicated with in an unprofessional manner that, unfortunately, we sometimes use with family.

Finally, be honest about future expectations with key non-family employees. If the reality is they are not part of your succession plan, don't let them assume or pretend they are. Rather make sure they are compensated and appropriately valued otherwise (monetarily and emotionally). If you <u>are</u> willing to include non-family employees as owners, design a specific plan to do so and communicate it clearly.

#### **Cultivating Gifts in the Generous Family Business**

By Lance Woodbury

Several years ago I gave the book <u>The Ultimate Gift</u> to my co-workers (it is also a heartwarming <u>movie</u>). The story is about a young man, drifting through life, who all at once becomes a potential heir to his grandfather's vast fortune. The catch? He won't inherit the money unless he comes to appreciate a number of gifts. And that "appreciation" comes through a number of experiences that test his character and commitment.

All of the gifts he experiences apply directly to members in a family business or to beneficiaries of family wealth. Those gifts are: the gift of **work**, the gift of **money**, the gift of **love**, the gift of **friends**, the gift of **laughter**, the gift of **gratitude**, and the gift of **a day**. I'll leave it to you to discover the "ultimate" gift.

None of the gifts require significant financial resources, yet they each have a profound influence on one's character. For example, how you handle the gift of a problem can result in either resilience or despair. Recognizing the gift of dreams can lead you to great achievements. Realizing the gift of a day fosters appreciation for each moment you have with your friends and family and the beauty of your surroundings (harvest anyone?). I encourage you to reflect on how each of the gifts mentioned here has shaped – or should shape – your family and your business.

## Faith and Family Business: The Right People

By Dr. Bill Long

The Book of Proverbs is adamant that the way of wisdom is not a solitary path trodden by disciplined individualists. It is a venture, even an adventure, in which you "become wiser still" (9:9) or "gain in learning" (1:5) by associating with others. In another place, Proverbs says: "Whoever walks with the wise becomes wise" (13:20), emphasizing that the process of interaction with others who love learning and the life of trusting God helps you. Using different words from Proverbs: "Iron sharpens iron, as one person sharpens another" (27:17).

Normally, in reading Prov. 13:20, I stop at this pleasant thought, but today let's read to the end of the verse: "but the companion of fools suffers harm" (13:20).

When I first read the verse I was expecting an exact contrast: if associating with the wise makes you wiser, then associating with the fool makes you foolish. But Proverbs wants to take us elsewhere: associating with fools, with those who can't control their temper and speech, and are deficient in good judgment, actually harms us.

Of all the decisions you make in life, one of the most important is distancing yourself from the fool. By hanging around with him or her too long, you don't just run the risk of imitating their foolishness. They actually harm you. Proverbs is *that* sobering.

