

Family Business Insight for your Agriculture Company October 2016

Guiding Principles: Richard Morrison

By Tanner Ehmke

<u>Richard Morrison</u>, an agricultural business and civic leader in Arizona, is the author of the forthcoming book "<u>Activate Human Capital</u>: A <u>New Attitude</u>." Richard grew up on his family's cotton, livestock and dairy operation in Arizona and has spent his career dedicated to serving agriculture and advising producers. With 30 years' experience as an <u>agricultural attorney</u> consulting farmers and ranchers, Richard points to nine principles foundational to the success of today's family farms.

Have faith: "Farmers are partners with God in taking care of His creation and honoring it – not only because it provides for their sustenance, but because it's a miracle. That's the way I feel about every bit of life. I have a tremendous sense of awe and reverence for creation."

Treat people as assets: "Most people I know are either unhappy at work or have been at one time or another. That bothers the heck out of me. If you feel underutilized or underappreciated, you feel you've been pigeonholed or you're in a box. You could very well get to the end of your life and feel like you wasted it. I don't think anyone should ever have to feel that way. Ever."

Build functional teams: "Instead of having to retain all knowledge myself, I've worked hard to develop functioning teams of people who support each other and support me in the process. And frankly, as I get older, that's even more valuable."

Know your finances: "I learned the hard way about the disadvantage of being capital intensive and having a high cost of production compared to the rest of the world. When world cotton prices are 40 cents/pound and our cost of production is 80, it's not going to work. If you don't have a good understanding of your financial resources, you can make some serious mistakes doing what you've always done."

Seek outside opinions: "I believe in using outside consultants to evaluate employee performance and impose a sense of discipline on family members who do not hold themselves accountable to their goals. Viewing it from an outside third person helps prevent difficulties between family members."

Embrace change: "Change is the only constant. My father always said to me, 'Don't be the first one to try something new, but don't be the last one, either."

Have structure, discipline and work ethic: "With the proper sense of structure and discipline, including self-discipline, we can make family systems work. It's important we stay on the job and have a sense of personal responsibilities for outcomes."

Invest in education: "I've put a tremendous value on education in my life. Continuing education is important for the sake of improving professionalism inside the family business."

Stand by your principles: "Life is too short to endure relationships that are draining on my own psyche, my own sense of who I am and how I want to be perceived in the world. I've broken off negotiations with people who were unethical in their business conduct even though it cost me a business opportunity I really wanted and could have made money on. I might be a lot wealthier today had I not considered the moral character and business ethics of my customers, but I'm a lot happier with who I am."

How Can Conflict Be Healthy?

By Davon Cook

A significant part of our work at Ag Progress is helping family business members manage conflict. Notice I did not use the term *conflict resolution* because I believe in many cases conflict may not be "resolved", that is, that the problem magically goes away forever. What we hope to do is *manage* conflict in a productive way. In his book "The Five Dysfunctions of a Team," Patrick Lencioni goes even further and advocates *for* "healthy conflict" in a business or organization.

What is healthy conflict? It is discussing differences of opinion in productive, idea-based terms, and <u>not</u> in destructive, interpersonal terms. The purpose is to produce the best possible solution, even if that solution involves heated debate. Teams that avoid discussing differences of opinion on ideas often do so in order to avoid hurting other people's feelings. But ironically, when team members don't openly debate and disagree on important ideas, they often turn to back-channel personal attacks, which are far nastier. You have to be able to discuss, debate, and



disagree in a professional, productive manner. Sweeping it under the rug doesn't work.

In an Ernst & Young survey of 525 of the world's most successful family businesses, 45% reported existence of what would fit under Lencioni's definition of dysfunctional family conflict. I suspect it is inevitable that, sooner or later, there will be difference of opinion and conflict on some topic. Being able to discuss it calmly, maturely, and with sincere intention of solving the problem *together* is a core requirement for long term success. It's often not easy to achieve, but certainly worth the effort.

A good place to start is educating all the stakeholders about their responsibilities as an owner, manager, and/or family member—as well as what they are *not* responsible for. Learning to participate in an ownership meeting with a professional agenda and knowledgeable discussions sets an expectation that differences of opinion will be discussed calmly and with facts, and not simply with emotion. Ditto for management meetings. And providing a specific forum to discuss concerns as family members, which may indeed be more emotional, validates that those conversations are important also.

One thing I observe with certainty: pretending a disagreement doesn't exist rarely works. Strive to manage it and embrace it as healthy conflict.

Sowing Seeds—Creative Ways to Give

By Cori Wittman

Though many of you are still in the throes of Midwest harvest, we in the Pacific Northwest are wrapped up and well into seeding fall crops. It's also the time of year that benefit auctions, banquets and other charitable events start populating the calendar. Giving season is upon us, friends.

Coming off a difficult but beautiful harvest and having the drills following shortly behind to plant another round is one of my favorite analogies of the Kingdom of God. The fruits of harvest are a gift; sowing seeds for another year a privilege.

When I'm not on the seeding crew or staring at piles of paperwork this time of year, I've been spending some time with a fantastic group of local middle and high school kids in a newly-begun chapter of Young Life (the <u>Lewis Clark Valley Young Life</u>, <u>Area WA49</u>). Our goal as the "adult" leaders is to simply be present in their lives. To play a lot of ridiculous games after football games, and most importantly to be available to hear their stories. To speak a timely, encouraging word when the opportunity arises. In short: to sow seeds.

This year, the local Young Life chapter is offering growers an opportunity to "sow seeds" by sharing a portion of their crops to help fund the next "crop" of kids going to youth camp. It's an easy way (and tax-smart!) for farmers to directly invest a portion of their harvest into the next generation.

The story doesn't end with Young Life alone. I'm sure many of you are involved in similar organizations and finding creative ways to sow seeds in your local or global communities. We'd like to invite you to share your favorite organization with us by <u>clicking here for a short, two-question survey</u>. We'll compile a list and share them in next month's Dispatch with the hope of encouraging others to take advantage of this giving season, <u>and we will also</u> make a contribution to several!

Here's to sowing more seeds!

Faith and Family Business: Steady Now

By Dr. Bill Long

Proverbs 12:22 is one of the many verses in Proverbs that, on first reading, have a kind of "ho-hum" character to them: "Lying lips are an abomination to the Lord, but those who act faithfully are his delight." We agree with the sentiment, and then go back to work. But when we look more closely at the Hebrew word *emunah*, translated "faithfully," a new world opens.

The first time the word appears in the Bible is in Exodus 17. The Israelites have just experienced the dramatic crossing of the Red Sea and now are engaged in battle with the Amalekites. But they find that their fortunes change based on whether Moses, who is standing on a nearby mountain watching the scene unfold before him, raises his arms or not, If he raises them, Israel wins, If he lowers them, Israel loses,

Moses gets tired, and his arms droop. So his two companions, Aaron and Hur, sit him on a stone and hold up his arms. The text says, "they held his arms steady (*emunah*) until the sun went down" (17:12). Israel won. The "steady" arms of Moses were the key to victory.

This engaging story has a few lessons for families and family businesses. First, would you say that *your* arms are "steady" as you manage and deal with the variety of challenges you face? Or, do you get tired, let the arms droop and then succumb to the myriad forces that can erode your confidence and prosperity? Even more important, do you have people nearby who can "hold up your arms" or "steady" your arms when you get weary?

Thus, are *your* arms steady today? And, who is helping you hold them up? With this insight we can now retranslate our opening verse: "those who act *with steadiness* are his delight." Now *that* is something worth remembering!

