

Woodbury: Farm Family Business Get the Right Stuff in Family Transition



Lance Woodbury DTN Farm Business Adviser
Bio

Thu Dec 29, 2011 08:24 AM CST

A few weeks ago, I moderated a breakout session at DTN's annual Ag Summit where two members of Lenz Farms of Wray, Colo., described their family farm's "boot camp" for beginners. With eight partners, five employees, 22 children who grew up on the farm and multiple in-laws, they needed a formal transition plan.

Rod Lenz, one of four Lenz brothers and senior partners, and Marty Buoy, an in-law who joined the operation in 2006, were refreshingly candid about their approach. They suggested what strategies work for them, they were honest about some of the current and potential costs of their management and ownership models, and they didn't hesitate to admit some of the challenges they face. Their sincerity was clearly appreciated by the audience, who participated heavily in the question-and-answer time.

The sessions were also enjoyable because of the sheer number of things one can identify which contribute to their success. A few of those are their leadership model, their criteria for returning family members, their inclusion of spouses, and their dedicated family business time.

LEADERSHIP MODEL

One unique feature of the Lenz operation is that they have a very flat organization. There is no CEO. Rather, there are eight partners, each with distinct areas of responsibility, and they come together as a group to make major capital and operating decisions.

Now I realize that sounds inefficient, and could even be seen as a bit chaotic. Rod and Marty will admit the model has its pros and cons. But the key is that the owners, as a group, have consciously chosen and tailored a leadership and management model that works for them. They have reflected on potential governance models and have made a clear decision, for now, about how to operate -- and everyone understands it.

I can contrast the Lenz's approach with family business members who struggle to understand how decisions are made or who are in conflict over the decision process, or they are unclear about who has the authority to make certain decisions. As a result, those families spend time second-guessing each other, fighting with one another, and making unilateral decisions that erode trust among the partners.

ENTRANCE EXPECTATIONS

The Lenz family also gets it right when it comes to returning family members. They have very clear criteria about what it takes to come back: post-high-school education or military service, two years working outside of the business, and two years working as an employee before being considered for ownership. Furthermore, they make someone who wants to become an owner articulate what they will add to the business, and they make them buy in to the operating company.

Family businesses often make room for returning members but don't clarify the role, which creates confusion and a lack of career fulfillment. Or they gift ownership, which isn't necessarily bad but doesn't contribute much to "thinking like an owner." In others, the path to ownership is not clear or may not even be on the table for discussion, and as a consequence there exists a constant state of uncertainty, which can result in



CAPTION: There's no CEO at Lenz Farms, but eight managers and patriarch George Lenz, Sr. (yellow hat) have clearly defined duties and accountability. (DTN/The Progressive Farmer photo by Mike Boyatt)

TAKE CONTROL WITH COMMODITIES

Learn more

Select a market, select a position, and select eFutures to help you manage the risk.

Visit us online at efutures.com or call us at 800.446.3887.

efutures.com
THE WORLD TRADES HERE.



Contact us
to reserve your Free
2012 Commodity
Reference Calendar!
info@efutures.com

Related News Stories

DTN Ag News Story of the Day
[Woodbury: Farm Family Business -- Get the Right Stuff in Family Transition](#)

[Ag Interest Rate Snapshot](#)

Top 10 Ag News 2011: No. 2
[Drought Gripped Southern Plains in 2011](#)

Top 10 Ag News 2011: No. 4
[Land Markets Surge Past Everest-Sized Records](#)

Changing Face of Ag Women - 4
[Young Women See Opportunities in Ag Leadership](#)

Top 10 Ag News 2011: No. 8
[Record Farm Incomes](#)

Kub's Den
[New Year's Marketing Resolutions](#)

Senior Partners - 13
[Freeze Your Estate Valuation](#)

Ag News

[DTN's Quick Takes](#)

Washington Insider -- Friday
[Confusion on Livestock Clean Air Reporting](#)

Market Impact Weather
[Mostly Dry in Midwest](#)

DTN Ag News Story of the Day
[Woodbury: Farm Family Business -- Get the Right Stuff in Family Transition](#)

An Urban's Rural View
[What Will Not Happen in 2012](#)

Top 10 Ag News 2011: No. 1
[Flooding Highlights Stressed Infrastructure, Funding Challenges](#)

Court Strikes Down Calif. LCFS
[Ruling Opens Door to Large Ethanol Market](#)

Newsom on the Market
[The Beginning of the End](#)

more...

U.S. & World News

[Euro Takes Blame for Economy on Anniv.](#)

[Egypt Rights Groups Blast Office Raids](#)

[Spain Ready for Austerity With New Gov](#)

[North Korea Vows No Softening](#)

[Domestic Policy Head Leaves Amid Crisis](#)

succession failure.

INCLUDING SPOUSES

Another unique aspect of Lenz' farms is their inclusion of spouses. In fact, they encourage all spouses to interact with the business in some capacity. That doesn't mean they are involved in all major decisions, but it does mean that the spouse has a window through which to directly observe the dynamics of the family businesses. It also creates an opportunity for each couple to have a shared experience in the business.

In most family businesses, the spouse's only chance to understand the business is through the filter of the one who works in the operation. Brother's frustrations become Wife's frustrations. There is no opportunity to counter the perspective or jointly reflect on a business situation. Furthermore, the lack of spousal participation can create a gap between the husband and wife; she doesn't understand what he deals with every day, and as a result each can feel isolated. And while including spouses can sometimes create conflict, I can point to more examples of conflict caused by spouses who do not understand what goes on in the business on a daily basis.

FAMILY BUSINESS RETREATS

Every couple of years, the Lenz family business members, their spouses and their kids go off-site and have a discussion about the business. They might take a personality profile, review partner responsibilities, recount the family history, reflect on their vision and mission, learn about the industry, celebrate accomplishments or just spend quality time together. This off-site time helps them strategically plan for the future. It creates an opportunity to build relationships. It offers a chance to communicate outside the daily hustle and bustle, and it rejuvenates the group.

Many family business partners don't take the time to get away -- even if only to the next town -- and talk about their hopes, goals and concerns. They don't turn off their cell phones. They don't spend time reflecting on how to go the next level. As a consequence, years go by and they have the feeling they haven't made any progress.

To use a cycling analogy, every now and then, while climbing the mountain, you need to stop, get off the bike, turn around and appreciate how far off the valley floor you've climbed. It provides the motivation to grind out another few miles and prepares you to tackle the next mountain!

Rod and Marty will admit they don't have it all figured out. The key is that they have the people and processes in place to make sure they get their best ideas on the table, and that they will have the partner and family support to tackle whatever challenges agriculture throws at them.

Read the original DTN feature story on the Lenz Family's transition strategy at <http://www.dtn.com/...>

EDITOR'S NOTE: Lance Woodbury works as a consultant to family owned and closely

held businesses in Garden City, Kan., with a special emphasis on business planning, mediation and conflict resolution. He also maintains an interest in his family's western Kansas ranch. E-mail comments or suggestions for this column to lance@lancewoodbury.com.

(MZT/AG)

© Copyright 2011 DTN/The Progressive Farmer, A Telvent Brand. All rights reserved.

[+ Add to Favorites](#)

[◀ Prev](#)

[Putin Urges Acceleration of Pipeline](#)

[Israel Airstrike on Gaza Kills Militant](#)

[Syrian Defectors Hold Fire Amid Visit](#)
[more...](#)