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Woodbury: Farm Family Business

In-Laws by Marriage, Out-Laws in Business?

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It seems that every family business has a belief about in-laws and their participation in the family business. Some welcome the in-laws into the operation. Some don't include in-laws in operational issues, but at times ask for input on strategic issues like estate planning or major business changes. Others exclude in-law participation in the business or in significant family wealth decisions at all costs.

Much of the decision to include or exclude has to do with the culture and history of family business members and the preferences of the parents, which may be based on observing the trials and tribulations of other family businesses. Every now and then, however, I find it helpful to re-examine the assumptions about in-laws and their participation, especially as the family expands and new skill sets become available to the organization.

REPERCUSSIONS TO EXCLUSION

I sometimes observe family businesses implement a strict policy of no in-law participation, on the grounds that keeping them out will lessen the potential for conflict in the family and business. The reality, however, is that if a family member works in the business, then the person to whom they are married is undoubtedly getting an earful about the workplace. That after-hours, pillow-talk conversation about the business is probably weighted toward the negative, as we often express more frustrations than joys about the work environment to our spouses.

I'm fond of saying that "in the absence of a good story, people make one up." If an in-law hears more negative expressions and doesn't have a broader understanding of your family business environment and decisions, guess what their view of the family business -- and probably the people in it -- will be? Even when the family member's view is not exclusively negative, the fact that they mostly express their frustrations to their spouse (who receives no other information directly) gives the spouse a jaded view. If an in-law's view of the family business environment is negative, the likelihood of family conflict and disagreement increases.

My rule of thumb is to include people -- in some fashion -- who can throw a wrench in the family business plans. I want them to have a broader perspective, to hear things directly from their mother-in-law or father-in-law. That doesn't mean they need to be at the table for every discussion or decision, or even that their input is as heavily weighted, but keeping them informed (at a minimum) and including them in significant decisions at a whole-family level, is a better way to go in my opinion.

ORGANIZATIONAL DYSFUCTION

I sometimes observe family members' waning enthusiasm about a new spouse's skill set or experience. The in-law has worked in the corporate world, or for another agricultural or rural business, or has a relevant college degree. After a few months or years, however, the performance of the in-law is not on par with the owners' expectations and the experience turns sour.

While this may be related to the in-law's skills, it may also be rooted in a deeper problem in the organization. For example, family businesses often do not have the kind of regular communication schedule, job descriptions, evaluations and explicit expectations you find in a non-family business. Patterns of family interaction may stem from sibling rivalry, prior transitions handled poorly, or past emotional turmoil. In short, the family business system may be unhealthy. The resulting lack of professionalism can cause role confusion, poor communication, unclear expectations and ultimately a high degree of frustration on both sides. My advice before bringing an in-law into the business: Make sure your organizational structure is sound, that your management practices are effective, and that your needs and expectations about the role and performance are clear.

SURVEY YOUR STRENGTHS

In non-family business settings, we often consider a "talent portfolio" that catalogs individuals' strengths across the company and offers a corporate view of the human resources available to the organization. I would encourage you to do the same with your family members and in-laws. Conduct the exercise in front of your advisory board or peer group, since they won't be biased by your viewpoint, family history or corporate culture. Then ask what are the skills, strengths and passions of each family member, regardless of their current level of involvement, and how might that fit into the business now and in the future.

Everywhere I go, I hear about how hard it is to find good help. Yet amidst this complaining, I sometimes see the commitment and skill set an in-law might bring wasted due to a fear of conflict. The question is not whether you will have conflict (you will, regardless of keeping in-laws "out"), the question is how you deal with the conflict when it arises.

After a broader look at the strengths your family brings to the business, you may end up with the same organizational structure and roles you have now. On the other hand, you might find your assumptions challenged about how your in-laws can contribute to the success of your family business!

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.

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