

Woodbury: Farm Family Business Unity Builds Family Farm Success



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Bio

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Will Rogers once said if you want to be successful, "it's just this simple. Know what you are doing. Love what you are doing. And believe in what you are doing." As I travel the country working with family agriculture businesses, I see evidence of Rogers' philosophy in the many successful agriculture business models that exist: Family or non-family leadership, rented or owned ground, crop share or cash rent, old equipment or new equipment, irrigated or dry land crops, conventional or minimum tillage, stand-alone cropping operations or those integrated with livestock, even sophisticated or simple marketing strategies.

And over the years I've seen people with each of those strategies fail. There is no doubt that execution of your business strategy -- however you define it -- is important. Beyond execution, however, I continue to ask the question: "What are the ingredients in a 'successful' family business?" Here are a few observations.

SHARED DEFINITION OF SUCCESS

Too often, success is defined only in financial terms, when other elements should be considered. Positive family relationships, entrepreneurial flexibility, making a contribution (whether it be locally with employees and the community, or globally in terms of feeding the world), the transference of family values, and having fun are a few of the other success factors that I hear family members discussing, even if they don't articulate such factors in a written document. Another way this might be thought of is as the difference between being "rich" and being "wealthy." What are the factors, beyond financial performance, that make you feel you are being successful in your family enterprise?

JOINT SENSE OF MISSION AND VISION

Again, this may not be written down (although writing it down is a very helpful exercise), but I notice that each family member is looking forward -- they are not stuck in the past -- and as they talk about their objectives, those goals are not mutually exclusive to other family members' goals.

Furthermore, family members seem to know that they are relatively close to one another in how they see the future. Often, but not always, those goals speak to some "balance" between growing the business at a sustainable rate, improving the land, caring for others (employees and/or consumers), providing financial sustenance and allowing for individual and family flexibility. They also see that being in a family business together is better than the alternative: working on their own or being part of someone else's organization.

WILLINGNESS TO COMMUNICATE

Now, this doesn't mean that all families communicate well, but it means the family has some process to talk through what is happening in the family and business. When such communication doesn't occur, family members (and often staff) begin to operate on assumptions. Suspicion and mistrust begin to build and the culture of the organization has a negative, gossip-tinged feel.

Furthermore, successful family businesses seem to have a process by which the ideas and concerns of in-laws are taken into account. It may be through a formal family meeting, or spouses' thoughts might be relayed or articulated through casual conversation. But there is general recognition that in-laws can be a helpful addition to the plans and actions in the family business. (I contrast this with family businesses that, when really pressed, see the in-laws as liabilities to the family business.)



Sharing value systems in family and business relationships can boost odds for success. (DTN file photo by Jim Patricio)

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ABILITY TO DEAL WITH TOUGH SUBJECTS

Missed performance expectations of one another, "fair" vs. "equal" discussions around compensation and estate plans, the handling of employees, marketing mistakes, and generally just frustrations with one another are aired and dealt with through the communication process. Family members know that some awkward communication will occur, but the benefits of a family business propel them through the uncomfortable discussions.

There are a number of other success factors in family businesses I'll write about in the future, but as a starting point I would encourage you to talk as a family about how you compare to the points listed in this column. How you define future success as a family business requires that family members have, as Will Rogers suggested, a shared "belief in what you are doing."

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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