



Woodbury: Farm Family Business

War and Peace in the Family Business

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Years ago I facilitated a family business meeting in which two of the owner-brothers started yelling at one another, then stood up, got in each other's face and almost threw punches. While probably not the safest move on my part, I jumped in between and encouraged them to sit back down. The next day, the business owners decided to buy another business together.

Were they crazy?

While I thought it was strange at the time, I came to learn that this family communicated, just a bit more "vigorously" than most families. But they still respected one another, heard one another, and made business decisions together. Was it the most efficient or rational way to communicate? Probably not, but it got the job done.

In contrast, one of the most common sources of conflict in family businesses is a lack of communication. Family businesses that avoid important discussions or sweep issues under the rug -- even when awkward -- create an environment where assumptions and tensions flourish. Then even a small, seemingly unrelated issue can be the straw that breaks the camel's back. In order to prevent conflict, family members have to agree to communicate -- to listen and to talk -- with one another.

There are at least two different settings for communication important to family business success. The first is day-to-day operational communication. Those working in the business need to talk with one another about what is happening. This might be each morning in the shop, at a meal or a phone call toward the end of the day. In family businesses where this doesn't happen -- or stops happening because of frustrations or family issues -- people end up stepping on each other's toes, wasting time, sending mixed or redundant signals to employees, and generally creating confusion.

One situation in which a lack of communication develops is when family members are responsible for different divisions in the operation. For example, one sibling is in charge of farming and the other is in charge of livestock. Or siblings are focused on different geographic locations. Or some family members are focused on the administrative (inside) functions of the business while others are focused on the production (outside) areas.

From an operational standpoint, the divisions can at times seem relatively unrelated. But from an ownership standpoint, where all the divisions affect the financial resources of the owners, taking time to "check in" ensures that you are on the same page.

The other kind of communication is more strategic. It's about the vision and goals of the organization. It's about where people want to go or how they want to be involved or why they want to be in business together. It's about how people want to relate to one another as partners and as family members. This discussion does not need to happen as frequently, but discussing your vision, goals, roles and relationships is a critical part of building relational strength. Discussing the big picture offers a chance to make sure you and your family business partners are on the same path.

A strategic communication breakdown can sometimes happen during transitions, when kids are returning to the business or when the senior generation is trying to let go. Emotions are high, participants often have expectations and assumptions about the other generation and their performance, and it is hard to find a regular communication flow or rhythm around strategic issues.

Not having the strategic discussions slowly chips away at the foundation of family member relationships, and families often need to "reboot" the communication process. You can avoid the breakdown by making time to talk through your expectations of one another, where you see the business headed, and how you see your role evolving. Doing this ahead of any transition also seems to make the process go much smoother.

A famous quote is that "peace is not the absence of war." In the family business, I suggest that peace begins with the presence of good communication. If you don't have it, then sooner or later, war is what you will get.

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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