

Family Business Matters

Grab Hold of Farm Transition

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Smoother business transitions result when the younger generation grabs the ball and asks for a leadership role. (Photo by Michael Tipton, CC BY-SA 2.0)

In a recent column, I talked about the need for retiring farmers to gradually "cut the cord" so their successors can work into their management roles. I suggested that the senior generation's management succession plan might be furthered by getting perspective from people outside the business, or by asking their respected friends or advisers to hold them accountable to backing away. Other strategies included documenting the necessary improvements they need to see in the next generation, and by developing activities and interests off the farm so that their attention is drawn away from the day to day.

Regardless of the strategies one might use, the senior generation's "letting go" is only half the equation. The younger generation must "grab hold" and assume the responsibilities that sustain the performance of the business. As a next generation member (or as a mentor to an up-and-coming leader), consider the following tactics demonstrating the interest and ability to take over.

ASK

This may sound simple, but a direct way to get the chance to lead the business is to ask for opportunities to provide leadership. I'm struck by how many times there is an assumption by younger generation members that they will be handed an opportunity when they are deemed "ready." In all fairness, they may be waiting so they don't feel like they are pushing their parents out of the business. But in the process of waiting, they can become resentful that they are not getting a chance to lead various activities in the organization.

To navigate this dance, ask for the opportunity. State that you have an interest in a function or task, and ask if you can take on a greater role. It places the ball in the senior member's court to facilitate the next step, or it will clarify how ready the senior generation perceives the younger.

REPORT

Over many years of watching the succession process, I often see Mom or Dad hand off a task or project to the next generation, only to jump back in and take it over before the son or daughter has a chance to make meaningful progress. Or, without a process to check-in on the handoff, the parents start to fret about how the next generation is handling the pressure, and soon Mom or Dad is following up directly with employees or vendors, wreaking further havoc on the lines of authority that are already difficult to maintain during a transition process.

One strategy to combat a parent's tendency to parachute into the middle of the changeover is to report on progress before they can jump. In other words, let them know where things stand before they have a chance to ask. In one family, the younger generation started preparing the daily task list and sharing it with Dad the day before. Dad saw that his children were mostly on top of what needed done in the operation, and when they weren't, he could talk to them before they talked to the employees. That strategy not only helped ease dad's concerns, but also helped prevent the confusion caused by him going directly to the employees with instructions instead of following the appropriate lines of communication.

PLAN

Whether they disclose it or not -- indeed, whether they even know it -- parents are looking for signs that their children are ready to take over the business. They might be trying to ascertain the judgment or decision-making ability of the next generation. They could be watching for negotiation or marketing skills. They might be looking for financial understanding or spending patterns. Remember, the business is often "the other child" or "their baby" and they have a desire to see maintained what they've spent a lifetime building.

A good way to demonstrate these skills is to engage in planning. For example, developing responses to certain "what if" business scenarios can provide insight on judgment. Creating an annual budget can help assess financial acumen. Mapping out a negotiation strategy can shed insight how the next generation will work with vendors. And developing a strategic plan every few years offers a sense of the next generation's vision for the future.

SAY THANKS

One of the ways we teach our kids is with positive reinforcement: When they do something good, we praise and thank them. Well, the strategy can also work with parents! In many cases, the senior generation has gifted tremendous amounts of wealth to the next generation. They've paid for accounting and legal bills to create an estate plan. They are at the tail end of their career, dealing with issues of mortality, failing health and career change. And in most cases, they have tried to make their kids' lives easier than theirs.

My point is that telling your parents "thanks" can have a positive effect on the transition. Expressions of gratitude from the younger generation can provide reinforcement that the parents are on the right track with the shift of power. I know this because I often see that when gratitude is absent, parents start wondering if all their efforts are worth it. But when they hear words of affirmation, they feel good about their progress.

Successful transitions in family businesses can feel both overwhelming and elusive. It isn't up to just one generation; it takes both generations doing the work. A strong balance of "letting go" and "grabbing hold" helps hold the business together, and will serve you well in the evolution of the enterprise.

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Editor's note: Lance Woodbury works as a consultant to family owned businesses in Garden City, Kansas, with a special emphasis on transition, mediation and conflict resolution. He is the author of "The Enduring Legacy: Essential Family Business Values." Join him at the DTN-The Progressive Farmer Ag Summit in Chicago Dec. 5-7 www.dtnagsummit.com.