

# Woodbury: Farm Family Business

## What Will You Leave Behind?



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Bio

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One of my last columns used Daniel Schulman's recent book, "Sons of Wichita," about Kansas' four Koch brothers to highlight one cause of family business conflict, namely, the lack of a shared decision-making process. But Schulman also has some insightful comments about how the brothers have thought about their respective legacies and what they will leave to future generations.

At a point near the end of Schulman's book, he quotes an observer of two of the Koch brothers' philanthropic strategies, suggesting that one brother wants to improve the world, and another brother wants to change it. The brother interested in making the world a better place funds the improvement of institutions already in existence. The other funds the development and implementation of ideas and experiments in political organization and business leadership. The other two Koch brothers have their ideas about legacy as well, one focused on creating positive family experiences, another on improving historic buildings and collecting art.

Using this observation as a starting point, let me suggest at least three ways you might think about your contribution to the future:

### LEGACY AS ASSETS

This first way you might think about your legacy is relatively traditional, and is the focus of much guidance in tax and legal circles. This view suggests that you will be remembered for the financial wealth you leave behind -- your bank and retirement accounts, business operations and capital assets. That legacy is important, as it may enable future generations to be in business together, start their own enterprises, or live an easier life than yours.

Of course, this legacy carries some risk, in that if future generations do not have good financial management skills, money can almost be a curse. We all know stories of family members who inherited money and "blew it" in a few short years. King Solomon had this fear when he said, probably with more realism than pessimism, "I hated all my toil in which I had toiled under the sun, seeing that I must leave it to those who come after me. And who knows whether they will be wise or foolish? Yet they will be master of all for which I toiled and used my wisdom under the sun. This also is vanity." (Ecclesiastes 2:18-19)

The risk has led Warren Buffet to say that you should leave "enough money to your kids so they can do anything, but not enough so they can do nothing."

Passing financial wealth to the next generation has also caused some to tie up assets in complex legal instruments. But unless appropriate buy-sell and conflict resolution mechanisms are in place, family relationships may be strained or deteriorate if they are forced to be in business or own assets together. Just read Schulman's book for multiple examples!

### LEGACY AS PEOPLE

Another way to think about your legacy is as an investment in people. These might be your family members or



Billionaires like the Koch brothers and Warren Buffett offer disparate views on what to leave as a legacy. (DTN photo illustration by Scott R. Kemper; graduate photo by University of Exeter, CCA-2.0; Lincoln Memorial statue photo by Nishkid64)

key employees. They might also be leaders of churches or charities that are doing good work. Some examples of this kind of legacy include:

- Investing in a family member's college education.
- Encouraging experiences that will develop life skills or a unique perspective, such as internships, working outside the family business, mission trips or international travel.
- Providing contributions that further the leadership skills of church and non-profit leaders.
- Financially backing a family member or key employee's business idea and guiding them along the entrepreneurial journey.
- Giving family members an amount of money to collaboratively distribute to charities, which encourages them to work together, practice good stewardship and define success in a different way than traditional business metrics.

The point with these activities is that they all build the knowledge, skills and character of people. Those individuals will look back and say, "I am who I am because of your investment in me," which is not a bad way to be remembered.

## LEGACY AS IDEAS

The third way to think about your legacy involves your particular ideas, philosophies and wisdom about how the world works. Let me offer an example. One gentleman I've become acquainted with over the last several years has not only an impressive entrepreneurial track record, having developed, bought and sold multiple companies over the years, but he has a very distinct philosophy about the importance of two things: giving to others and creating fun, relationship-building learning experiences for staff and customers. In fact, he would probably say that the building of great businesses was a result of helping others and focusing on fun experiences for his employees and clients.

As we've interacted on a regular basis, he continues to share the wisdom and lessons that have contributed to his success. I've encouraged him to write down those philosophies, as his ideas about building a great organization and serving others, if codified, will potentially last longer than his wealth.

Charles Koch has done something similar with his book "Market Based Management." The point is, future generations will learn from and appreciate the stories and lessons you take the time to record.

As you consider your legacy, consider the many facets of your past, current and future contributions. While the money or the land may be important, you have much more to give to others in the form of knowledge, skills, experience and ideas.

Editor's Note: Lance Woodbury writes for both DTN and our sister publication, The Progressive Farmer. He is a Garden City, Kan., author, consultant and professional mediator specializing in agriculture and closely-held businesses. Over his two-decade career, he has guided many families through inter-generational farm transfers as well as mentored successors. Contact him at [lance@lancewoodbury.com](mailto:lance@lancewoodbury.com)

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