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The Founder's PARADOX

Are the goals of business continuity and family harmony mutually exclusive?

Many family-farm and ranch owners define one aspect of success as the transition of the land and operating business to the next generation. “The opportunity for my kids and grandkids to come back to the farm” is a frequent refrain when I ask about the hopes and goals of the senior generation.

Another goal often mentioned immediately thereafter is for the next generation to “get along” and “work together.” I often ask which goal is most important: “If you had to pick, would you rather see the business intact but experience family discord, or see the land and business sold in hopes that family members have better relationships?” In my experience, most say they want the relationships but often end up with a business or family full of conflict.

Neither option offers a guaranteed outcome. Passing the business to children does not guarantee they will be successful operators just as selling the land and giving them cash does not guarantee they will enjoy spending time together. But, neither are the two goals mutually exclusive; some families achieve both. In many cases, it is difficult to achieve the twin goals of business succession and great sibling or parent-child relationships. Why?

NATURAL DIFFERENCES. As much as family members share DNA, a similar upbringing or common family values, individuals in a family can be remarkably different. Personalities, conflict styles, political views,

cognitive skills, goals, financial skills, communication preferences, egos—all of the differences cause some to wonder if they really grew up in the same household. When you place those differences in close proximity (working together in the family business), there is bound to be friction. Even when family members don’t work together, the differences can distract from efforts to build relationships.

DIFFERENT EXPECTATIONS. Transitioning a business or passing land down involves the movement of wealth, often in the form of gifts, to the next generation. Those receiving the gifts, however, are in different life circumstances. Some may be working in the business or farming the land, while some may instead have a spouse working in the business. Others may have nothing at all to do with the business. Parents often struggle with whether a gift of wealth in the form of land or business ownership should be predicated on whether family members or spouses are involved in the business. And, indecision, hesitancy or unwillingness to talk about that issue can create misunderstandings. Parents often add to the confusion by publicly wrestling with what is “fair” or how to treat everyone equally.

POOR COMMUNICATION. Most family businesses I know feel communication as a family and business could be better. Particularly when there is conflict, many family members either blow up at one other or avoid confrontation at all costs. Many also tend to take those closest to them—siblings and parents—for granted, assuming “they should know” how they feel and think, or how they will decide important issues. The result is that they either don’t say what they are thinking, or they say it in a rude and disrespectful manner.

Regardless of why it happens, the unfortunate result of poor communication, different expectations and natural differences is that assumptions flourish about wealth, inheritance and behavioral norms. The collision of these assumptions about how the future should unfold or how people should behave are obstacles to getting along.

But, it doesn’t have to be this way. Regardless of whether family members are in business together, don’t operate a business but own land together or simply rent land to a family member, accepting others’ differences, clarifying everyone’s expectations and keeping the lines of communication open are the key ingredients to achieving the senior generation’s goals. ●

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