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# Changing The Chain of Command

## An organizational structure and defined roles help in the transition to new leadership.

When family business members talk about management succession, the discussion often focuses on the handoff of tasks and responsibilities, and decisions from one generation to the next, as well as the capabilities and readiness of a younger generation to assume a leadership position. But, when it comes to actually implementing the transition, one of the obstacles that confounds family members is the movement of authority from one person to another. The transition to a new decision-maker is not easy.

The "chain of command" is a phrase we often associate with the military or with an organizational chart, connoting a flow or order of authority and decision-making. For the following reasons, it becomes difficult to adhere to a new chain of command in the family business.

**HISTORICAL PATTERNS.** When the senior generation has been the primary decision-maker for decades, it becomes easy to default to that person or group. The decision-making process becomes a routine, almost a habit, and both the older members, younger members and non-family staff have all become familiar with how decisions are made. In fact, the decision-making patterns become so routine that people often don't even realize they are driving the process.

**EMBEDDED KNOWLEDGE.** Another reason a new chain of command is difficult to accept is the older generation's deep knowledge of the farm or ranch business. They are such a resource, with their significant experience and clear opinions, that it seems at least inefficient, if not an outright mistake, to not utilize their wisdom. But, it's often hard to tap that knowledge without feeling or appearing to cede control of the decision.

**OWNERSHIP RIGHTS.** Because of the capital intensity of agriculture and the building of equity in land over many years, the senior generation is often in an ownership position well past the prime of their management role. They may own the land, still have ownership in equipment or be a shareholder or partner in an operating entity. When their name is on some portion of the bottom line, it can be difficult to judge the decisions in which they should, or shouldn't, have a large say.

**OVERLAPPING ROLES.** Finally, in small and family-owned businesses, where the owners are also the managers, it's often difficult to separate the person from the position. If Dad (who has family authority) has also been the boss (with management authority) and is a major shareholder (with ownership authority), then how does one easily separate and delegate the authority of a specific management decision? The sheer force of those roles being embodied in a person or in a generation can be difficult, and sometimes feel impossible, to alter.

**REMEDIES.** There are several ways to work on changes to the chain of command. First, simply trying to be more aware of the decisions that are made every day—and who should make them—brings focus. Second, writing down how the organizational chart looks now, then drawing how you want it to look in the future and sharing it with others helps to clearly communicate the change. Third, having the senior generation take a strategic vacation, or simply be unavailable some days, helps force the shift. Finally, committing to the transition in a group setting and asking others to help hold you accountable to the transition gives others permission to nag you when you break the chain.

Letting go of duties performed for decades can be difficult, and for the younger generation, making decisions with major financial effects can be scary. But, a successful family business transition depends on the positive shift of authority from one generation to the next. ●

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