

Winter Work

Use seasonal downtime to make changes to ownership structure and management strategy.



One family I know makes a point of listing its

annual accomplishments on paper, recording and sharing information on land improvements, debt reduction, yield and price averages, equipment purchases, staff hired, seminars attended and even vacations taken. After decades of this tradition, they have quite a list of the ways they and their business have gotten better.

The list begins with forethought about the areas in which they want to improve. And the winter season, with its shorter days and colder temperatures, affords an opportunity to work indoors on important parts of your business. You are probably planning to repair or overhaul equipment in the shop, analyze your financials, plan your crop rotations or develop marketing plans. But, will you also take time to make important changes to your ownership structure and management strategy?

Here are five areas on which to focus.

ESTATE PLAN/OWNERSHIP DOCUMENTS

One of the challenges of passing your business to the next generation is making sure the legal documents describing your intentions are up to date. Documents signed five or 10 years ago may need reevaluation to make sure they still reflect your current thinking about who will inherit your assets. Similarly, if you own the business or assets in partnership with others, make sure the agreement that governs how assets are bought and sold if someone exits the business is understood and asset valuations are current.

MANAGEMENT SYSTEMS

As technology improves, new tools emerge that allow for better management of day-to-day business activities. Timekeeping apps, financial and bookkeeping programs, farm-management software and equipment-sharing tools are constantly evolving. Take time this winter to study how such tools might help you better manage next season's activities.



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FAMILY COMMUNICATION

While you may work with family members every day, taking time to talk about the big picture is often cut short, replaced with communication about the urgent, daily tasks of farming and ranching. Carve out some time this winter with family members to talk about key parts of your business: your vision for the future, your three- to five-year goals, transition timelines and the roles people want to play.

COMPENSATION PLANS

When times are economically challenging, it may be difficult to consider paying your staff more. But, the ag labor market is tight and highly competitive. Take time to evaluate your current levels of pay related to the market. Develop strategies that allow you to be proactive in your approach instead of reacting to employee demands.

Some employees may appreciate benefits other than cash. For example, time off or a chance to buy some land or livestock that can be supported by the business may appeal to some. Along with compensation, consider your onboarding process and how you can improve how people get hired and trained.

PROFESSIONAL/PERSONAL DEVELOPMENT

While attending farm shows gives you a good sense of the industry, more improvement may come from attending targeted seminars that deal with general business opportunities and not just agricultural issues. Some of the categories you might consider include leadership, business strategy, financial analysis, human resource management, including hiring, supervision and staff evaluation skills, and change management (especially helpful for transitions and technology changes).

On a more personal note, workshops that focus on marriage, physical and mental health and spiritual development can be very effective at boosting enthusiasm for the coming year.

The financial, mental and relational rewards experienced when you improve create even greater enthusiasm for additional improvement. Use wintertime to celebrate your accomplishments and plan for the next improvements in your family business. ///