

Consider Delaying the Next Generation's Return



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Seeing the next generation return to work on the family farm or ranch is a significant source of pride. The young person or couple coming back to eventually take over represents years of hope and anticipation, a culmination of financial investment and sweat equity. Parents and grandparents experience a deep sense of satisfaction knowing a family member is in the wings ready to continue the business for several more decades. Wanting the next generation to return as soon as they are able is a deep longing for many.

However, being “able” to return and being “ready” to return are differences that have serious implications for the family business. A family member who wants to come back paired with parents or grandparents who want that person to return may overlook the need and the time it takes for the successor to gain necessary perspective, skills and experience that will make him or her a successful leader of the family business.

Because the business has been successful and continues to grow, it benefits from a higher degree of education and off-farm experience. Farming more acreage, running more livestock, leading more staff and managing more financial risk and volatility means you need a leader who is more qualified. DNA may imbue a family member with a sense of obligation and commitment, but it doesn't guarantee that person's success as a leader of your family business.

How does a family member gain the knowledge, experience and wisdom to increase the odds of business success when he or she takes over? Consider the following approaches:

Study the fundamentals. For many, college is the first step in more serious learning and offers many business basics a young person needs to prepare for a leadership role. Learning how to write, understanding principles of accounting or studying marketing, psychology or leadership combined with technical topics like agronomy or animal science gives them a solid foundation. Going on to graduate school to study business, finance or law can also be helpful to a career in business.

Work for a bigger business. As your family business grows, wouldn't it be valuable to have a team member who has seen some of the issues you may soon face? Working for a business that has survived growing pains helps your family business anticipate what obstacles may come next. It also gives family members a chance to make—and learn from—their mistakes while on someone else's dime. Plus, a bigger business usually has a robust professional-development program, which continues the learning process in a way that many smaller family farms can't afford.

Be supervised by a nonfamily member. When the next generation is working for a parent, they often get treated differently than a nonfamily employee. It's harder for the family member to gain credibility with other employees. But, being supervised for a while by a nonfamily member, even when the supervisor is bad, offers a multitude of actionable lessons for the returning generation.

Engage with peers. Finally, time spent off the farm, whether in college or at another workplace, offers the next generation the chance to develop a network of peers, relationships that will provide a window to view how their friends and acquaintances approach business. Business leadership can be a lonely endeavor; having a solid network is an antidote to that loneliness later in life.

While there is no cookie-cutter recipe for family-business success, encouraging the next generation to study, work elsewhere, be supervised by nonfamily and develop a network of peers increases the chances that your family business will stay together for another generation. ///



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