

# New Year, New Investments In Your Family Business

**The end of the year offers a chance to reflect on what** went well over the last 12 months. It also brings opportunities to make your family business measurably better. This year, commit to a range of investments in key people, financial knowledge and future transitions. Specifically, think about those investments in terms of mental or emotional energy, conversations and planning efforts.

**Invest in People.** “People” in this case means your family members or key staff, and two types of investments warrant your consideration. The first is developing others, including coaching, mentoring or teaching them. It involves sharing your wisdom, encouraging them to grow or bringing them along in understanding some of your daily activities. Identify a person close to you, and invest in making them better in some way.

The second kind of investment in people is repairing or improving relationships. We all have places in our lives where the connection we have with a family or team member is not as good as it could be. Perhaps a past conflict or misunderstanding damaged your relationship. Maybe you find their personality, communication or work style frustrating. But, if you can improve the bond, even a little, it will improve your perspective on life and your feelings about the workplace. It will have a noticeable and positive impact on your day, and improve the morale of those around you, as others often feel the tension between two people.

**Invest in Financial Knowledge.** My nonagricultural friends marvel at all the subjects a farmer or rancher must know to run a successful business. Animal science, agronomy, equipment repair, engineering and construction, human resources, commodity marketing, finance, Farm Service Agency programs—the list goes on. Improving your knowledge in any of these areas will be helpful to the business, but one specific topic in which all agriculture business owners can improve is their financial knowledge.

Between cash and accrual accounting, grain or livestock raised and sold over multiple years, deferred income and prepaid expenses to manage taxes, multiple entities and complex ownership structures for



liability protection and estate planning, knowing where you stand financially is no small chore. Spend some time and mental energy developing a clearer picture of your financial performance. Meet with your lender and accountant, perhaps together, to walk through their observations and set clear financial goals for the coming year. You will gain a clearer idea of how to make your business stronger.

**Invest in Future Transitions.** Almost all farms and ranches face an impending generational transition. If the younger generations return, the management of the company will need to be handed off. Even if they don't return, ownership of land will likely be passed on to them. If neither management nor ownership transition will occur, then a different set of plans around retirement and asset sales is relevant.

This year, take a step toward clarifying future transitions. Talk with your spouse, your adult children or your sibling business partners about your future. Identify tasks you should hand off. Update your last will and testament, or have your attorney review your estate plan. You and your family members will have more peace of mind knowing you've done what you can to smooth the succession of activities or assets.

Most New Year's resolutions are never accomplished. Instead, commit to investments in areas you know will produce a return for your family and business. If you invest in people, invest in financial knowledge and invest in future transitions, you will look back a year from now and be proud of all you achieved. ///



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