

**T**hings in nature are beginning to grow again. Warmer weather and longer days mean more time outside.

You see budding trees, blooming flowers and emerging crops across the countryside. And, along with this new growth comes the need to prune: selectively cutting, thinning and cleaning to support healthier and more productive development in that which is growing.

Family businesses, ever-growing with new purchases, more activities and increasing relationships, need a similar type of pruning. As family farms and ranches transition from one generation to another, naturally growing and taking on more land or business arrangements, they must consider what needs to be cut back to focus time and energy on the most productive opportunities.

Before we delve into the pruning opportunities, however, consider what “good growth” looks like in your family business. Growth may not be adding more to your plate. The focus might be on improved profitability instead of being larger in size or on better family relationships rather than adding more staff. Good growth may include getting out of a business or even selling some land to strengthen parts of your balance sheet. In other words, consider pruning in terms of what success means to your family and business today and tomorrow, especially in a future where tighter margins may be a reality.

Here are a few categories to consider as you contemplate the act of pruning in your family company.

➤ **Business structure and processes.** As you grow over the years, the way you track, store and process information has evolved. Perhaps your bookkeeping system has become cumbersome or your filing processes too scattered. Maybe you’ve added entities for liability, estate planning or Farm Service Agency purposes. As we accumulate more data, how we organize, store and utilize that data has become a concern. As you look around your office, what information needs better organization? What structure needs simplified? In what ways can you streamline your decision-making and data reporting?

➤ **Communication.** In part because of the informal relationships of family members and in part because of being a small business, much of the communication process is impromptu on family farms and ranches. You talk when you need to, and you often make decisions on the fly. In fact, being nimble in communication helps with the sudden changes in daily plans. However, not having more formal communication can also impede progress as you grow.

Like propping up a branch or bracing a tree, this aspect of pruning involves reinforcing some of your communication processes. For example, holding a short staff meeting every day or a management team meeting every week, or using a group text or a mobile application for task management helps reinforce teamwork and organization.

What new methods of communication could help support your family business?

➤ **Relationships.**

Reaching the next level of professionalism in

your business may mean that you outgrow some of the people who got you where you are today. Your need for different skills or more management capabilities may require others to step aside. In some cases, people can move to other roles. At other times, they may need to leave to go places where they can be of more value. This concept also applies to your professional advisers, and most of them understand when you are ready for the next level of specialization, expertise or service.

As your family business continues through generations, you accumulate practices, people, processes and structures. Those were helpful elements at the time, but they occasionally need to be evaluated and pruned to support future growth, however you define it, in the family business. ///



## Nurture A Healthy and Growing Family Business



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