

The Dispatch

Family Business Insight for your Agriculture Company
August 2023: Non-Family Members in the Family Business

One of the hottest topics in the family business world these days is entrusting leadership and even ownership of the business to non-family members. In addition to capturing the competence and experience of non-family leaders, one faces potential resentment of family members who were passed over, or even the chance that certain kinds of private family information now becomes more known. It is a decision fraught with immense consequences. The approach of both Lance and Ethan in this issue is to emphasize the benefits that flow from careful integration of non-family members into leadership and ownership roles. Bill adds a historical/theological essay to show that the issue of defining “family” was of central importance in the development of earliest Christianity. We expect you to have some reactions, and we welcome them. --- [Bill](#)

Investing in Non-Family Talent

[Lance Woodbury](#)

As family businesses grow, they become more reliant on non-family team members. These team members are often as emotionally invested in the business’ success as the family members who own the company. Beyond being talented and committed, these non-family members bring several other benefits.

First, they help shape the culture of the business. The right non-family employee helps mold or fashion what people value and how they behave. It may be their work ethic, the way they interact with people, their positive attitude, their frequent communication, or their initiative. The ingredients that these non-family members bring help form the tenor of your team and contribute to the character of your company.

Second, they improve your leadership. A great team member has high expectations. Conscientious family business leaders don’t want to disappoint, upset, or lose someone who brings so much to the business, so the family member will think harder about how they lead, supervise, delegate, and communicate. The effect of a great non-family team member is like a shot of rocket fuel in the organization’s tank; it takes everyone, including the family leaders, to new heights.

Third, they help you feel less lonely. Leading a successful family farm or ranch in a rural community can feel isolating. Who can you really trust? Who provides a sense of camaraderie and support? The right non-family member working in your organization becomes part of the family’s emotional support structure. And in this labor intensive, high capital, thin-margined, economically uncertain world of production agriculture, who doesn’t benefit from more emotional support?

In his essay, Ethan offers some of the benefits of making these colleagues financial owners. Whether you offer them financial ownership or not, it is clear they are already psychologically “bought-in” to your company. Investing in them will make your family and business better.

Non-Family Owners in the Family Business

[Ethan Smith](#)

Our concept of ownership in family businesses is typically fixated on retaining ownership in the family or keeping the ownership pool tight. Most family values include holding wealth within the family name, or core generations. But what if we look at the Ownership and Management systems without tying in the family aspect? In my experience, non-family ownership can provide a multitude of benefits, including:

- The infusion of financial and emotional capital to take the business to the next level.
- Additional skills or experience that non-family members bring from their previous business experience.
- The ability to free up working capital without liquidating a full portfolio or holding. Especially in times of higher priced financing and capital needs.

Other non-family ownership scenarios could include key-employees that you wish to retain. Offering them the proposition of buying in or earning ownership can represent the “golden handcuffs” for their part in the business. This is a method in retaining those key employees and allows them to be rewarded for their role and the businesses performance as well as a retirement or compensation package for long-term commitment.

The thought process of outside ownership can often lead to the feeling of losing control. But what if you think of it in the following ways: What if that outside ownership or investment comes with non-voting ownership shares? Or what if the investment is only in the operating company, and not in the land or high equity part of your portfolio? What if the situation provides a floor, or ceiling, for investment returns? If you are feeling that this is an important question for you, it may be the right time to reach out to your advisors and discuss your options.

The Early Christians and the “Family Business”

[Dr. Bill Long](#)

As I thought about the subject of this month’s Dispatch, I found myself returning to a world I love—that of the earliest Christians—and I realized that the problem we are exploring here is similar to the one faced by them. That is, they went from a situation where “family” was defined very precisely (i.e., Are you of Jewish descent?) to a situation where “non-family members” (i.e., Gentiles) began to enter and even take over the “family” business. Christianity started out as a movement within the family (Judaism), but within a generation had morphed into a Gentile powerhouse.

But then I asked whether the dynamics of change faced by these early Christians, as things went from a family to a non-family “business,” were similar in any way to the dynamics of change in our family businesses today. Well, two features in the early Christian process of change were *shock* and *reframing* what this “business” really was. I say “shock,” because that was the first reaction to bringing “outsiders” into leadership. Paul wasn’t accepted; others were rejected. They were going to destroy the “character” of the movement. But, even more, as the early Christian movement spread, was a sense of *reframing* that was going on. The message had to change slightly to meet the new audience.

As you look at change dynamics in your family business, consider that the earliest Christians, too, had to get over the shock of different leadership, and the tension caused by reframing, and refining, the message.