

Policy Before Need

JANUARY 6, 2016 02:43 AM

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Define family employment requirements for your operation

Imagine for a moment you have a niece in college earning a finance degree. There's an unspoken understanding she'll join the family farm as lead accountant after graduation. She has the skills and work ethic to take your operation to the next level.

Yet a few months before your niece's graduation, a nephew shows up seeking a job. He studied sports medicine, dropped out of college and changes jobs routinely yet feels entitled to the same opportunity he knows his cousin will receive.

How can you welcome one and decline the other? The answer is a family employment policy.

This basic document outlines the roles family members can fill. It might include tactical elements such as requirements for years of experience or pre-nuptial agreements, but it also highlights the philosophies and attitudes the operation values.

"It serves as the guiding principles that define how family members should prepare themselves for employment," says Davon Cook, a family business consultant with Ag Progress. "You want to have a family employment policy in place ahead of time so you're not making a decision about one person."

Nepotism No-Nos. The practice of giving family members preferential treatment is known as nepotism, and it has a bad connotation for a reason, says Dick Wittman, a producer from Culdesac, Idaho.

“If non-family employees see employees with the ‘right name’ receiving special rights, they won’t be happy,” notes Wittman, who is also a farm financial consultant and a member of the Farm Journal Legacy Project Advisory Team. “A family employment policy will put processes and structure in writing to heighten professionalism.”

Off-Farm Experience. Another key question to answer in your policy is if family members must work off the farm before joining the team. Cook and Wittman say previous employment outside of the operation is a good idea. “This allows your children or other family members to gain perspective of working in another professional company that doesn’t have the emotional baggage of a family business,” Cook says. “Plus, you will pick up skills, abilities and confidence.”

Components of a Family Employment Policy

Every family faces different circumstances, so family employment policies tend to be unique and customized. As you craft your policy, answer these questions, suggests Dick Wittman, an Idaho producer and a farm financial consultant.

- Are specific skills or vacancies required on the farm operation before a family member is hired?
- What types of previous work experience, training or apprenticeships are mandatory to fill certain positions?
- Is there a limit on how many family members are involved in high-level positions?
- What type of economic capacity must your business have in place before you can validate a new hire?
- How will you determine when family members qualify for promotions and other leadership opportunities?
- What will be the reporting structure or supervision protocol for family members relative to other team members?



Rules on family employment ensure fair treatment for everyone.

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