

OUTSIDE THE BOX

Beyond the estate plan

by Tom Field, University of Nebraska



Family business is complicated! The family-owned enterprise is the nexus of all that influences human

experience — work, play, health and love. The family business slips away from the logic and quantitative metrics that drive publicly traded companies and non-family partnerships. It invites the heart, with all its lightness and darkness, to pull up a chair at the board table.

The convergence of head and heart makes the family ranch simultaneously a masterpiece and a disaster in the making. There is no escaping the challenge of merging individual human expectations in any organization. The family business opens the door to the full spectrum of life: relationships; the good, bad and ugly of shared experiences that arise from family interactions; employment and ownership; or expectation of future access to physical and financial assets.

In the family business, the challenge is not how to attain work-life balance, but rather how to integrate work and life.

Spend enough time in any café or coffee shop in rural America where farmers and ranchers gather and eventually the stories of family fabric torn by fights over land, machinery, grandpa's house and mom's favorite tractor will emerge. In almost every case, the focal point of the disagreement is on a physical asset or a past wrong. Certainly many families avoid the worst-case scenarios and endeavor through expert estate planning to handle the transfer of wealth from one generation to another.

Unfortunately, the most perfectly designed and executed estate plan fails to account for the most critical resource — the wisdom, knowledge and experience gained from long-

term immersion in the gritty details of building, growing and sustaining the enterprise.

Know the story

The story of a family business matters. The epic story created by the cast of characters, what and how they worked, and, most importantly, why they stuck with it is too often lost as the herd grows, more acres are acquired and more stuff is accumulated.

This past year, the last men of my father's generation left this life. Thus, my brothers and I became the senior generation of our family. I find myself asking, "How the heck did that happen so fast?" There are questions that will remain unanswered, conversations that we can only wonder about and deep knowledge that has slipped away.

In partnership with my dad, we were able to construct a business entity that has allowed us to work together and to build on the legacy. We have estate plans, insurance instruments and spend serious energy on how to transfer the assets. None of this will make a bit of difference if we do not pass on knowledge. This realization requires some heavy lifting driven by several key questions to guide our efforts.

Who: The next generation needs to know the neighbors, advisors, service providers, customers and partners. The relationships built on trust and respect provide the glue to help a new generation of owners tackle the difficulty of owning, leading and managing a business.

Where: There are a number of items, documents, passwords, etc., that are fundamental to



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the operations of the entity, and these are often taken for granted. Sometimes the agreements are verbal and, when the originator of the agreement dies or is disabled, the next generation is left with a complicated knot to untie.

What, when and how: There are so many operational details inherent in a ranch. They stretch from how to manage irrigation in good times and bad to how to best deal with weather events, government and regulatory authorities, and how to build fence on uneven ground. Cattle handling, equipment operations and maintenance, selecting bulls and replacement females, the list goes on. These are important details that if not intentionally transferred create problems in the future.

This is not to suggest that one generation can pass on the perfect playbook. In too many cases, the next generation receives a notebook with missing pages and even chapters of critical information. Having information about the

processes, strategies and tactics that worked is important, but so is being intimately aware of the missteps, mistakes and well-intentioned failures.

Why: This may be the most fundamentally important knowledge with the power to reach across generations. Knowing the why provides historic context — the very real experiences of both joy and despair — and provides insight into the depth of those who blazed the trail.

Estate planning matters, but the true gift is the working knowledge accumulated and leveraged to sustain the business. Building a thoughtful, intentional and generous approach to passing on this knowledge base is the mark of a visionary family business leader. The time to begin is now! |

Editor's note: Author Tom Field is director of the Engler Agribusiness Entrepreneurship Program at the University of Nebraska-Lincoln, where he holds the Paul Engler Chair of Agribusiness Entrepreneurship.