



PHOTO BY SHAUNA ROSE HERMEL

Tending *to* Family Business

Communication is key for farm family success.

Story by
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If your farm or ranch is operated as a family business, you're not alone. Approximately 95% of all commercial farms are owned and operated by families. And, if your family has experienced conflict in managing the family business — again, you're not alone. A 1996 Colorado State University (CSU) study estimated that more than half of families operating a farm or ranch business have serious conflicts.

The good news is there may be a solution. "The most effective method for managing family business stress or conflict is to communicate," says Donna Stegeman, an Extension educator with South Dakota State University (SDSU).

"The root of many problems in any business is often a serious communication problem," Stegeman says, adding that conflict is compounded when family issues are intermingled with business issues. "On family farms, usually

there are two generations trying to work together with different ideas on financial management, raising kids, etc., and, because of that, it's not uncommon to find that many farm families are not talking at all."

"In any other business, problems are normal and conflicts are common. So why don't we expect it in family farms, plan for it, and find solutions?" says Jolene Brown, who works with her husband on their family farm in Iowa and is a professional speaker on farm-family communication.

Brown adds, "Being part of a family business is not a birthright. Acceptance in a family is unconditional. Acceptance in a business is conditional. One of those conditions is commitment to continuous, productive communication. It's easier said than done, especially when logic collides with emotions, egos and generational differences."

That said, lack of communication rarely — if ever — leads to a peaceful resolution. Instead, Stegeman and Brown say families need to work hard to communicate. "When you think about the issues causing conflict, they are frequently tied to communication. Yet, how much time do families spend working to improve the communication in their family business?" Stegeman asks.

Most often, it's not enough.

Points of contention

Stegeman points out that common family stressors can be children, health care, money or marital issues; while business-related conflicts often revolve around equipment, pests, weather, government issues or finances.

The most common stressors mentioned by members of the younger generation include not being listened to and wanting to make their own decisions, Stegeman states. Members of the older generation say their most frequent stress is caused by financial concern. For instance, the older generation often feels that the younger generation spends too much money, while the older generation still carries most of the responsibility for those financial risks.

Stegeman says the most stressful issue related to intergeneration farming and ranching is passing down the farm (or land) from one generation to the next.

But recognizing these issues, discussing them, and planning for them are the necessary steps to resolve the problem.

"Farm and ranch families with low stress levels practice open communication, democratic decision making and planning ahead," Stegeman says. "They are willing to take steps for estate planning. While

(Continued on page 44)

Estate planning advice

Estate planning is the No. 1 stressor affecting farm families. Most don't like to talk about it, much less plan for passing down the farm. But with many of today's landowners in their 60s, 70s and 80s, approximately 70% of farm and ranch assets will change ownership in the next 10-15 years, according to Jolene Brown, a professional speaker on farm-family communication and planning.

In preparing for that transition, Brown, who admits she is "opinionated" on the subject, says this:

"Parents, you don't owe your kids an estate. Take [financial] care of yourself first. Many give their kids way too much, and they expect it to be given. Your kids may not be able to start where you are at today, but then, you didn't start there either. That said, you do owe your kids several other things, including a discussed, legal transfer/estate plan and tools to help them with the details after you're gone."

Brown also suggests that when bringing the next generation into the operation, they should have worked for someone else for at least two years. "This experience makes them realize they must be hired, and they can be fired," she says.

Additionally, when a farm operation includes more than one family member, Brown advocates listing each function and entity (cattle, crop, hay, marketing, etc.) and making a chart that assigns who is responsible, who is accountable, who must be consulted with, and who must be informed. "This clarifies roles and helps with salaries, decision making, goal setting and really lets the business see if the transfer of leadership is actually taking place," she says.

Also, for each family involved in the business, many financial experts suggest at least \$40,000 per family unit be allocated for salaries. This is a current minimum benchmark to help alleviate family squabbles over money for personal living. The amount will vary depending on your cost of living and fringe benefits, Brown says.

Lastly, when it comes to estate planning, she offers this advice, "You can't change what's been done to you — just don't do it to somebody else."

For more information about this topic and presentations by Brown, visit her Web site, www.jolenebrown.com, or call (319) 643-2429.

Family Business *(from page 43)*

that can be stressful, it's often more stressful to not plan for what will happen to the family farm when someone dies."

Communication guidelines

To start the ball rolling toward better communication, most family experts recommend holding regular family meetings where problem solving, decision making and organizing schedules take place.

"These shouldn't just be complaint sessions, but rather productive time together," Stegeman says. She recommends this time be utilized to assess what's been successful within the family business and what's causing concern.

As an example for addressing problems, Stegeman suggests:

- presenting the problem to the group and getting a consensus on what the issue is;
- brainstorming on ways to address the issue; and
- writing down a plan of action that agrees with all parties, and then monitoring and evaluating the success of what's being done.

Once your family is ready and willing to work toward improving communication, Stegeman also offers these helpful guidelines:

- **It takes time.** Communication is a learned skill, and changes aren't going to happen overnight, she says.

- **Communication includes talking and listening.** "Listening is critical. Sometimes it's even necessary to repeat or rephrase comments back to the speaker so points are understood," Stegeman says. She adds that it is also important to hear what is said and not internalize or make assumptions. "When someone says 'I'm mad,' it doesn't necessarily mean 'I'm mad at you,'" she says.
- **Make communicating a priority, but do it at an appropriate time.** Christmas, just because everyone is home, is not an appropriate time for a family meeting, Stegeman says. All family parties need to be involved, but select a proper time for business, and have an agenda.

Stegeman also suggests rotating the location of the meeting (or meeting at a neutral location) and rotating who serves as chairperson for each meeting. "This helps all generations realize there isn't just one individual with the power," she says.

- **Write down short-term and long-term personal, family and business goals.** "Goals are more likely to be achieved if they are written down," Stegeman says.

- **You can only change yourself.** "Remember, you cannot change anyone but yourself, and hopefully, by example, your family will change with you," say Stegeman and Brown.

For instance, Brown suggests, "Plan a family meeting or set up an appointment for estate planning. Then, the only thing you can do is invite all parties involved in your family business. If they don't participate, proceed with your own planning, and at least you've got more than you did with no planning."

Stegeman adds, if, after numerous attempts, the family just can't get along, don't be afraid to seek mediation or professional help.

- **Learn from your mistakes.** Don't be afraid to admit your mistakes, but then let go of them, learn from them, and build upon them, Stegeman says.

For more information on farm-family communication, contact Stegeman at (605) 997-2469, or visit <http://sdces.sdstate.edu> for additional resources from the South Dakota Cooperative Extension Service.

Good stress vs. bad stress

Everyone has stress, says South Dakota State University (SDSU) Extension educator Donna Stegeman. But there's a difference between positive stress that can motivate a person and negative stress that can actually cause distress and physical or mental anguish. Symptoms can include headaches, sleeplessness, depression, anxiety, bad tempers and/or withdrawing from others.

Be aware of the signs of negative stress, Stegeman advises, and get help if it is affecting you or someone in your family.