

# Succession Planning

## Communication in the Family Business



Recently, I had the privilege of making the luncheon address to the participants at the 'Young Farmers Seminar' in Chicago. This first ever meeting was an adjunct to the well attended 'Top Producer Seminar.' For the attendees

it was an opportunity to learn best practices for business, production and management. They networked with peers and interacted with some of our nation's brightest young agribusiness stars.

The attendees were not there because of what they do, what they know or what they are; rather they were there for what they aspire to be! As I spoke with the audience, I was aware that these young people are the future of this industry, of our rural communities and of their families' operations. To succeed in these three areas of their lives requires a heavy dose of good communication skills.

During an interview several years ago, a highly respected family business owner proclaimed that, "Communication is the heartbeat of family business." Back then Dave was an agribusiness owner whose operations covered several western states. The business structure involved his father as financier, one brother who ran the day-to-day operation and another who managed the shop. Dave was a hardworking 'bootstrappreneur.' As the visionary for, and founder of, the business he invested sixteen hour days, six and a half days per week building a multimillion dollar enterprise.

The middle brother was a hard worker, willing to invest extra hours and dedicated to a "service first" attitude. Dave's youngest brother lacked the same work ethic and level of dedication. He came to the family business from a corporate job where eight hour days and five day weeks were sufficient to generate a paycheck. He clocked in at eight, rarely worked past five and his weekends were always free. He was good at his craft, but he wasn't committed to creating the vision Dave thought they shared: 'building a world class organization.'

The day I met with Dave was coincidentally the same day he filed for bankruptcy. As we sat over coffee discussing the pillars of good business, he just shook his head and reiterated, "Communication is the heartbeat of family business." Dave had failed to communicate the importance of team, and dedication to achievement. He assumed that everyone saw the same vision, felt the same weight of responsibility and worked toward the same goals. Dave thought that each active family member was committed to success – no matter how difficult the task or insurmountable challenge.

In the end, it became apparent that there was a communication

breakdown. The organization suffered from false assumptions and faulty expectations. Dave's youngest brother was an indicator of a bigger problem, but not necessarily the cause. He was the symptom of an acute lack of open, honest, two-way communication. A business can only thrive in an environment of healthy open communication, and will suffocate and die where communication is blocked, impaired or otherwise constrained.

If unfettered communication is critical to success, how does a business ensure a healthy dialogue? With a constant exchange of open communication, you create a success ready environment. Take a few moments and compare and contrast the communication systems of a big business structure to the workings of a typical family operation. In the corporate world we expect well defined avenues of communication. When a person starts a new job or receives a promotion, there is a comprehensive dialogue regarding job descriptions, responsibilities, accountabilities, wages, benefits, perks and other opportunities.

In the family operation, hiring is often based on, "We'll find a place for you..." Then we fall into familial roles and patterns of behavior where Dad is authority and son/daughter is the obedient child. The communication link in a family business often breaks down in the roles we play and the comfort zone of family relationships – the zone where dad is always Dad and children are always kids. Parent is authoritative; child is obedient.

If the goal is big business (an operation that is bigger than self) then the solution involves acting like big business. Assume new roles and responsibilities. Use job descriptions and employee handbooks. Create salary schedules and delineate benefits. If parents and their children are co-owners they must act like business partners. If parents and children are co-owners, I suggest – "no permission/no request" decision making authority – base authority on ownership percentages or managerial roles.

Five keys to good communication:

1. Clearly define your objectives or the intent of each interaction.
2. Seek first to understand the other person's point of view.
3. There are many roads to town; be open to alternatives.
4. Acknowledge that it takes complementary qualities to create a world class operation.
5. Know that is okay to disagree. If two people agree on everything, one of them is unnecessary.

*Source: Kevin Spafford is a Certified Financial Planner®, the Succession Planning Endorsed Provider for Far West Equipment Dealers Association and Northeast Equipment Dealers Association, and is a regular columnist for Farm Journal. His firm, Legacy by Design, LLC, guides farmers and agribusiness owners through the succession planning process. Speaking, seminars and workshops available.*