



Enterprising Rural Families™

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TIP OF THE MONTH:

A family business should have written policies developed to cover:

- Mission statement
- Business charter
- Code of conduct

Written procedures are required for such areas as:

- Hiring
- Compensation
- Exit of employees
- Discipline
- Dealing with conflict
- Upgrading of team skills
- Orientation
- Meetings
- Teamwork and accountability

Building Sustainable Family Businesses

by John P. Hewlett

Managing a family business is challenging even in the best of times. It has been estimated that 30 percent of family-owned businesses are successfully passed to the second generation, 10-15 percent to the third and 3-5 percent make it into the hands of the fourth generation. These statistics are comparable to those for non-family owned businesses or may even exceed their measures of longevity (Aronoff, 2001).

Many resources exist to help family business build sustainable futures. These resources are more traditionally paper-based programs but many are also becoming available through online resources.

Managing the Multi-Generational Family

Farm is a paper-based resource published by the Canadian Farm Business Management Council and co-authored by Lorne Owen and Wayne Howard, along with a team of other U.S. and Canadian contributors (Owen and Howard, et al. 1997). This handbook covers many dimensions of a family business including Family and Business Interactions, Making Family/Business Interactions Smooth, Formalizing the Management of a Family Business, and Succession Planning.

As you can see from the list, areas covered by the handbook are those most often ignored but which are absolutely essential to the success of any family business.

The layout of this handbook is an open design, making it easy to read. Many examples, how-to suggestions, and worksheets are included in the book. A glossary also helps to define more challenging concepts for those unfamiliar with them.

Possible Answers to Paraphrasing and Reframing Exercise

There are many different ways each of these statements could be paraphrased and reframed. The following show one way.

Example: "How could you have invited them to dinner without checking with me first."

Paraphrase: "You're unhappy because I invited them for dinner without asking you first."

Reframe: "You want to be consulted before I ask you to prepare dinner for extra people."

Example: "Your parents are ripping us off. Just look at the dump they expect us to live in."

Paraphrase: "You don't like the accommodation my parents are offering us."

Reframe: "It's important that you have a nice place to live."

Example: "I'm fed up with your whining. If you would just pitch in and help, I might have time for other things."

Paraphrase: "You want me to stop complaining and just offer some help so you can have time to do other things."

Reframe: "I can see you're upset. It sounds like you need more help."

Figure 1. An excerpt from *Managing the Multi-Generational Family Farm*



Communication or failure to communicate is often at the heart of family and business conflicts. Figure 1 is an excerpt outlining a paraphrasing and reframing exercise that can help family members get at the root of communication problems when they crop up. As pointed out in the handbook, paraphrasing can draw out the underlying feelings in a situation. Reframing can help by removing the emotion from a situation by restating what was said with a positive spin. Helpful tools for difficult situations.



A second Canadian resource for family businesses is *Farming with Neighbours- Preventing, Managing, and Resolving Community Conflicts Over Farming Practices: A Guide for Canadian Farmers*. This resource strives to provide insights into the changing dynamic in agriculture which increasingly seems to put rural land owners at odds with others outside of agriculture. The book begins with an introduction to the sources and context of the conflicts. Subsequent chapters provide methods for handling the situation ranging from prevention to management and resolution.

The final two chapters discuss methods for engaging the public in order to mitigate the consequences and advice on how to handle special situations. Where agricultural families find themselves increasingly at odds with the general public, the suggestions and case studies presented in this reference could provide the tools critical to sustaining the family farm into the future.

The third resource covered in this newsletter is one that looks to help family businesses develop solid plans. Sound business planning and communication of those plans may be the single most important step toward ensuring the family business endures for future generations. *Building a Sustainable Business- A Guide to Developing a Business Plan for Farms and Rural Businesses* is an excellent resource for helping to get started with business plans. The book follows an approach centered around five planning tasks: 1. Identifying what is important to you, 2. Assessing what you have to work with, 3. Describing where you want to go, 4. Evaluating how to get there, and 5. Getting started and monitoring progress as you go.

Building a Sustainable Business is an excellent resource, not only because it provides easy to follow explanations of the various steps, but also because it provides ample examples, tools, and worksheets for implementing the process.

The resource section at the back provides suggestions for additional information should greater depth be needed. Finally, an Appendix provides example materials from a working dairy farm.

Worksheet 2.8 Human Resources Matrix

Use this worksheet to identify the people involved in your operations and the roles they play.

Person	Enterprise						
	Dairy	Hogs	Broilers/Turkey	Beef	Hay	Pasture	General
Dave Minar (PT)	Order feed, manage dry cows	Production labor and management	Production labor and management	Production labor and management	Production labor and management	Production labor and management	Management
Florence Minar (PT)		Marketing	Marketing	Marketing			Book-keeping and financial analysis
Paul Kajer (PT)	Herd manager, milking and other labor				Production labor and management	Production labor and management	General customer comm.
Dan Minar (PT)					Production labor and management		
Ryan Jirik (PT)	Milking, Tuesdays and weekends						General farm labor
Summer student (PT)		Feed animals	Feed animals	Feed animals	Hauling		Other farm labor
Other Labor: Consultants							
Ira Beckman, FBM							
Genex Coop Technician	Maintain milking equipment						Financial analysis

Figure 2. An excerpt from *Building a Sustainable Business*

Figure 2 provides one of the worksheets presented in *Building a Sustainable Business*. This worksheet helps think through the various roles and responsibilities individuals have within the business. In a family business it is even more important that everyone involved understand how overlapping responsibilities are to be shared. Where relationships and responsibilities extend beyond the work place into the home and perhaps the local community, unresolved conflict can lead to more than just hurt feelings. For success a family business must have these dimensions of the family-work balance well-covered.

There are no silver bullets for success in either family or non-family businesses. Hard work, planning and communication are required to succeed in any business venture. However, family businesses represent unique challenges which must be addressed in order to successfully pass the enterprise to the next generation. Many resources are available to help make a family business more sustainable. This article explores three, which family enterprise managers may find helpful for improving the sustainability of their business.



(Developing sustainable business practices for family businesses are covered in greater detail in the **Enterprising Rural Families: Making It Work™** on-line course.)

References:

Aronoff, C. (2001, August). Understanding Family-business Survival Statistics. Supply House Times. Springboro, Ohio. <http://www.supplyht.com>.

Carter, J. and L. Owen (2000, 2002). *Farming with Neighbours- Preventing, Managing, and Resolving Community Conflicts Over Farming Practices: A Guide for Canadian Farmers*, 2nd ed. Canadian Farm Business Management Council (CFMBC), Ottawa, Ontario. <http://www.farmcentre.com>.

DiGiacomo, G., D.E. Morse, and R. King. (2003). *Building a Sustainable Business- A Guide to Developing a Business Plan for Farms and Rural Businesses*. Minnesota Institute for Sustainable Agriculture, Saint Paul MN and The Sustainable Agriculture Network, Beltsville MD. <http://www.misa.umn.edu/publications/bizplan.html>.

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Family enterprise managers, don't be afraid to use resources, they can ...

- A) help build sustainable futures.
- B) define family and business interactions.
- C) show how to make such interactions smooth.
- D) illustrate effective communication techniques.
- E) provide guidelines for succession planning.



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