



Enterprising Rural Families™

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This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

Successful Family Meetings

- Meet at a regularly scheduled time.
- Rotate meeting responsibilities.
- Encourage all family members to participate.
- Discuss one topic and solve one problem at a time.
- Use I-messages and problem-solving steps.
(<http://www.ext.colostate.edu/pubs/consumer/10236.html>,
<http://www.ext.colostate.edu/pubs/consumer/10238.html>)
- Summarize the discussion to keep the family on track and to focus the discussion on one issue at a time.
- Make decisions by consensus.
- Once you think you have a family agreement to a point that no one has any major objections, check it out to see if you have reached a consensus.
- If things get "too hot to handle," anyone can call for a break.
- End with something that is fun and that affirms family members.

Taken from *Managing Anger Through Effective Family Meetings* by R.J. Fetsch & B. Jacobson, Colorado State University

Trust in the Family Business

John P. Hewlett, UW Ranch/Farm Management Specialist

Communication is necessary in any type of relationship. Clear communication is absolutely essential in successful business relationships, particularly a family business or multi-generational rural enterprise.

One of the conditions for effective communication is trust. Trust serves as the foundation on which a relationship is built. If you do not trust a family member or business associate, your relationship with that person will either not develop or not survive into the future.

Being able to communicate about both family and business matters is important. It is also important that all family members be able to communicate well. Effective communication occurs when the sender and receiver of a message both understand that message the same way. Incorporated in all communications are beliefs, feelings, intentions and actions. Communication is a complex process, one that people may assume they do well but in fact may do rather poorly.

Owen and Howard, 2003. Pg. 54.

What is Trust?



Just what constitutes trust? Trust in relationships is a willingness to be vulnerable and is a significant feature of lasting relationships — particularly those where partners are allies, not foes. Individuals in long-lasting relationships manage to keep this vulnerability alive. Each person's awareness of the importance of partnership underlies his or her attentiveness to the other. Such deep caring comes easily at the beginning of a relationship. It is in the next phase, when routines and irritations set in, that trust is tested. Deep connectedness is a hallmark of the early stages of a relationship and trust-building. We are careful with our words and behavior and take care not to wound the other. (Collingwood)

The first thing to do is to acknowledge publically that a trust issue exists. Trust will never be restored if its absence is not acknowledged. Next, use good insight into gaining an understanding of how trust was lost. Many times, this investigation will reveal that the underlying reasons for the initial breakdown of trust no longer exist.

B. Rutherford

Once violated, trust is very difficult to repair and rebuild, so it, must be guarded carefully and constantly nurtured. This trust might be compared to a plant that needs the right soil, water and temperature to flourish, attain full bloom, and produce to its potential.



Obstacles to Trust

It is clearly important to better understand what some of the obstacles to establishing or building trust might be, given that trust is so important to the success of relationships and family business ventures. Vaz lists seven barriers to trust in relationships:

- 1.Desire to control- the situation where one person in a relationship attempts to control the actions, thoughts or emotions of another. This clearly results in a situation of unequal position or power.
- 2.Dishonesty- where one or more individuals are hiding information, providing only half-truths, or are attempting to be purposefully misleading.
- 3.Self-centeredness- where the focus is on self and one's own needs, wants and desires.
- 4.Lack of openness- a situation in which one or more persons are not open and free in expressing their opinions, describing their position on issues, or relating information.
- 5.Communication- is required for trust to develop. Failure to communicate effectively leads to a failure of trust.
- 6.Empathy- when difficulties in a relationship develop, as will undoubtedly happen, the failure to identify with the troubles experienced by the injured person and willingness to work together to address the problem leads to reduced trust.

Positive feelings- focusing on the negatives, becoming jealous of success, or allowing suspicious feelings to fester can all lead to a reduction of trust in others.

Respect and trust are earned, achieved, imbedded over a period of time. Respect comes from reaffirmations of the perceived value and trust comes from the achievement of confidence that there is comforting consistency and predictability in valued behavior and attitudes.
L. Rawls

Building (Rebuilding) Trust

Where no previous relationship exists or trust in a relationship has been broken in some way, how do we go about building or rebuilding trust?

Families and individuals who are able to sustain a culture of mutual trust, generally adhere to three basic elements, whether intentionally or not:



- Individuals are reliable. They do what they say they will do.
- They demonstrate feelings of intimacy. They care about each other and generally like being together.
- They are honest with each other. They have open, direct communication — they are willing to speak and to listen when difficult things need to be said. (Lansky)

After trust has been damaged, there are two considerations for the victim:
1. Dealing with the stress and violation imposed on the relationship, and
2. Determining if future violations will occur. If a victim believes the violator will not make efforts to right the wrongs that were committed, the victim has no incentive to reconcile. On the other hand, if the victim is willing to reconcile, rebuilding trust in the relationship becomes possible. (Lewicki)

One vision of how trust works in the family business and what nourishes its growth is outlined by the diagram in Figure 1. Sustaining a Cycle of Trust. Here the underpinnings of trust include: Interpersonal Trust- confidence in the reliability of another's actions and usually involves a long history of interaction; Competence Trust- the belief that the individuals involved are not only willing but capable of performing the actions they say they will complete; and Systems Trust- a conviction that the organization will continue, perhaps even thrive, despite the fact that the individuals in the business will change over time.

The underpinnings of trust are nurtured and supported by: openness to the input of outside players for the experience and expertise they offer to inside players; transparency of business policies and systems

of interaction, such as compensation, code of conduct, traditions, etc.; and open, honest and consistent communication between individuals, within the business, and with stakeholders outside the business.

Fundamental to the model are the following values or beliefs:

1. Trust is a multidimensional experience with both behavioral and emotional aspects—each of which need to be nurtured on a continuing basis;
2. Trust is dynamic. The order in which different aspects of trust develop vary between family businesses and external transactions. Furthermore, each dimension of trust is usually associated with a different phase of the firm's development;
3. The trust cycle is both cyclical and renewing. The family business will continue to revisit each of the three aspects of trust after the initial cycle. Withdrawal of any one of the nurturing components can jeopardize the trust in the system;

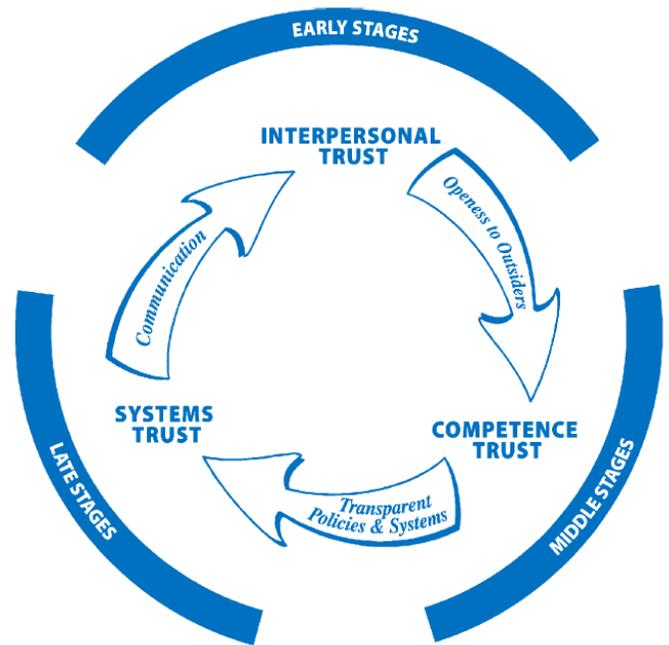


Figure 1. Sustaining a Cycle of Trust

A "trust catalyst" is a person who causes others to trust either by their positive outlook or in how they treat others; thus, they model and create positive relationships that ripple outward in ever-widening circles. The catalyst may not even work in the company — mothers often play this role in families.

S. Horowitz

4. Sustaining trust at the individual or group level is intricately linked to the firm level; and
5. Trust cannot increase without also affecting distrust. As a result, management of trust levels within a family business system can serve to sustain trust within families, between individuals involved and, simultaneously, reduce distrust. (Sundaramurthy)

Trust as a Competitive Advantage

Trust can be a competitive advantage unique to family businesses. One key advantage for the family business is the ability to make long-term decisions. Family businesses can decide to invest in a market, a product, or service that may not be profitable for five or ten years but, in the long run, can be immensely beneficial to the firm. In addition, the family business can engage in controlled growth and reasonable diversification in a way that publicly-owned companies often cannot.

There are many other advantages offered by the distinctive structure of family business organizations. The key, however, is trust. The level of trust and corresponding smooth-functioning of relationships in the family and the business can be either a tremendous asset or the kiss of death. If family relationships are divisive, those negative relationships and modes of interacting carry over into the business and often are more destructive than they would be between co-workers or managers who have no other relationship. (Baskin)

Our own experience in relationships have undoubtedly taught us that trust is not something that can be taken for granted, no matter who it may be on the other side. And, although trust can be an advantage of the family business structure, it may represent an aspect of such businesses that requires even more attention than for other business structures. Where trust forms the very basis for our relationships and ability to communicate, it is imperative that we give serious attention to trust in relationships with others and especially family members.

(Managing trust in a family business and developing transparent business documents such as code of conduct or a strategic business plan are covered in greater detail in the **Enterprising Rural Families: Making It Work™** on-line course.)

Suggestions for Further Reading:

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Keep in mind ...

Trust is the foundation on which a relationship/business is built.

A business will not survive without trust within and the customers' trust in you!

Once violated, trust is difficult to rebuild.



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