

Family vs Business Relationships

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CENTER FOR AGRICULTURAL PROFITABILITY

Institute of Agriculture and Natural Resources



NORTH CENTRAL
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EDUCATION

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Overview

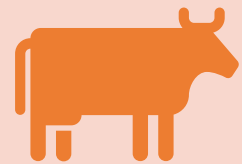
- Unique dynamics of family-owned ag businesses
- Family vs business roles
- Challenges and strategies in managing family vs business relationships



Ag as a Family Business



97.4% farms and ranches in Nebraska are family owned



Many of Nebraska's family farms have been in operation for generations



Positive aspects of family relationships in business



Strong trust and loyalty



Shared vision and values



Emotional connection to land and legacy



Challenges unique to farm and ranch family businesses

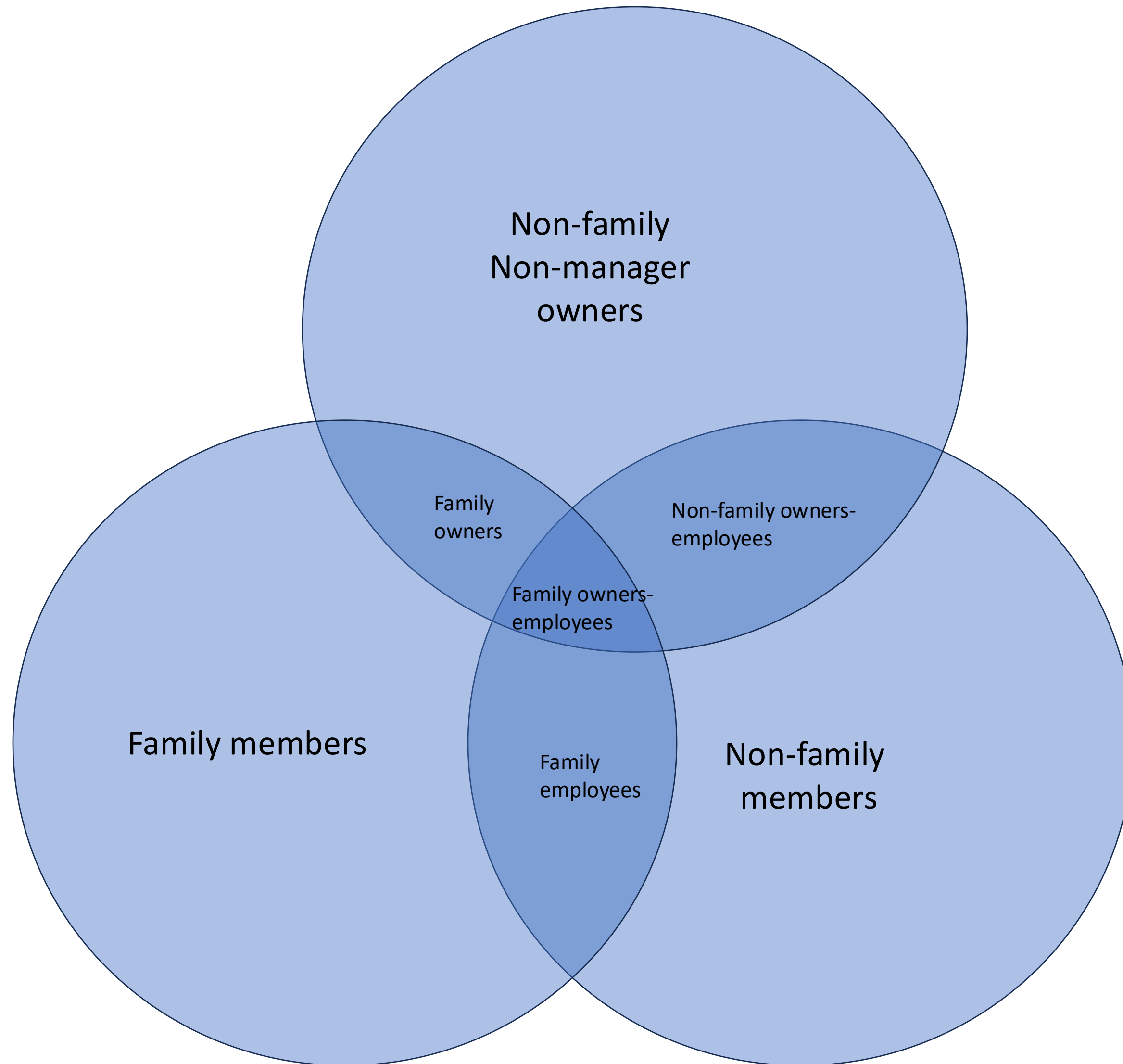
- Role ambiguity
- Potential conflict over personal vs business priorities
- Succession planning difficulties
- Intergenerational ownership
- Involvement of multiple family members



Common conflicts

- Relinquishing vs. retaining control
- Being fair vs. doing what is right
- Profit vs. affordability
- Explicit vs. implicit communication
- Progress vs. continuity





Three-circle model of the family business system (Taiguri and Davis, 1982)



Family roles vs business roles

Family members

Family members,
non-manager/
employee

Family members,
manager/owner

Non-family
members, non-
manager/
employee

Non-family
members,
manager

Non-family
members,
manager/owner



Challenges: separating family vs business

- Can be difficult to separate family vs business roles



Ideas on how to resolve: separating family vs business roles

- Separate business and family goals
- If transitioning the operation, develop a transfer plan that gradually delegates management and ensures a smooth asset transfer without financial risk.
- Separate business and family finances
- Job descriptions
- Value and compensate fairly



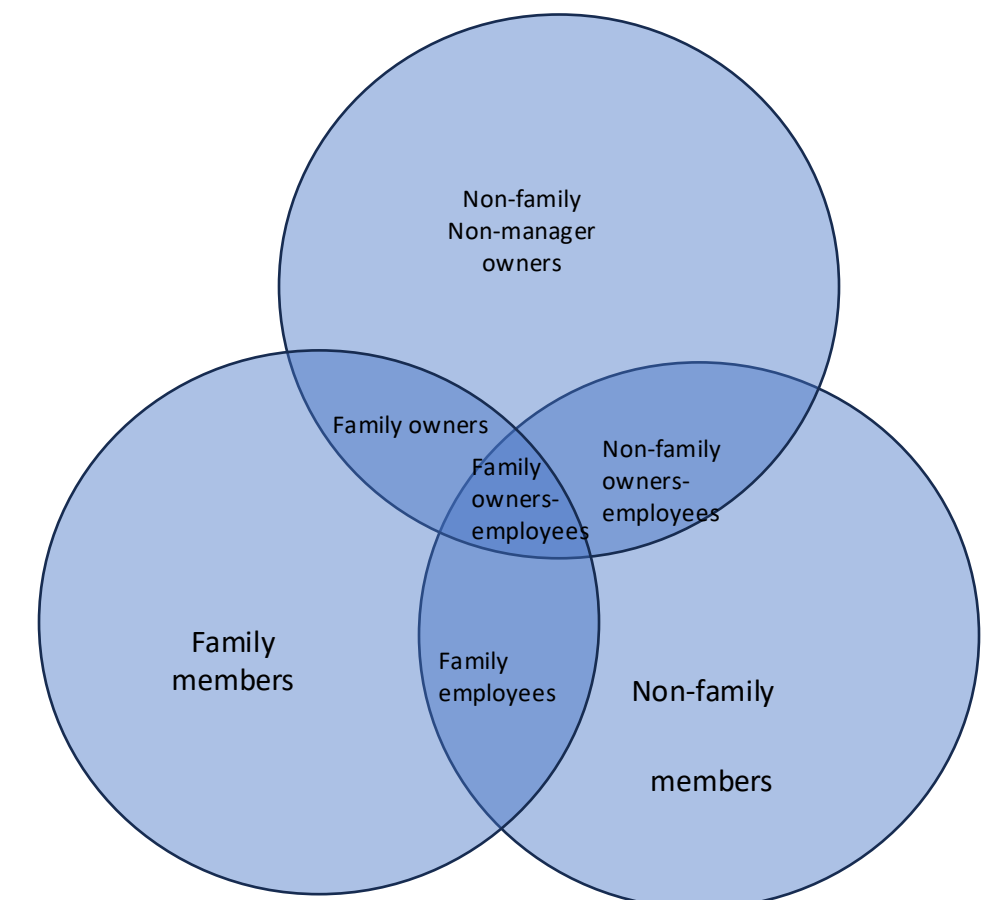
Challenges: communication

- Lack of communication about how family roles overlap with business roles



Ideas on how to resolve: lack of communication

- Complete or update your family business system
- Discuss the future of the business in specific terms
- Family members who own the business or work as employees should write down business roles they want in the future and outline what they can contribute to the business.



Challenges: Imposing family roles in business matters

- Imposing family roles in business



Ideas on how to resolve: family roles in business



Hire a facilitator



Set expectations that everyone should provide input and ask questions during a family business meeting



Challenges: setting milestones

- Failure to set milestones/
timelines for change over



Ideas on how to resolve: setting milestone for role changes



Review current job descriptions



Review transfer of leadership and decision making



Schedule family business meetings that include non-family owners and employees



Strategies for improving employee/ family retention

- Make it optional
- Shared vision and values
- Have a timeline for transition if there is one and if there isn't what are the other options



Be proactive



Don't be afraid to ask for help

- Communication facilitators
- Mediation
- <https://farmhotline.com/>
- <https://negotiations.nebraska.gov/>
- 800-464-0258



Conclusion

- Unique family-owned agricultural business
- Importance of careful planning
- Communication



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Questions?



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