

Two-Generation Farming

Step 3: Making it Work

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Developing good family relations

The underlying success of a business agreement depends upon healthy family relationships. Probably more two-generation business arrangements fail because of poor family relations than any other reason.

Good two-generation farming relationships do not just happen. They come about because family members take the time and effort to make relationships work. Both the older parties and the younger parties must understand and tolerate each other's faults. Often the parents tend to be conservative as they get older, while the younger party may be venturesome and willing to try new ideas. Also, disagreements over little things may cause a substantial strain on the relationship.

Work to avoid the pitfalls of trivia—don't focus on those things that generate a lot of emotion in the short-term but don't affect business success in the long-term.

One way to maintain good family relationships is to diversify your interests and give each other space. Each party may need an outside enterprise or leisure activity that allows for getting away from the family operation. The outside activity may be an organization such as a service club, producer organization, or other outlet.

Family discussions

Do not allow ridicule, punishment, or lecturing in family discussions. Encourage listening, understanding, finding alternatives, commitment to action, and support for one another. Listen not only to what the other person is saying, but also to what he/she is feeling. Being respectful to all family members is important at all times.

Problem areas

The younger generation often views family relationships from a different perspective than the older generation. These differing perspectives may lead to relationship conflicts. Below is what a survey of farm families considered to be good advice for both the older generation and the younger generation.

Older party's perspective

Parents may try to transfer their dreams to their son's and daughter's family and expect the family's home, routines, and child rearing to coincide with the parents' ideas. Parents need to accept that their son/daughter has his/her own life and has married someone of his/her choice, and that their life together is that person's number one concern.

If the young couple lives in the original house or a nearby house, the parents must be careful that they don't give the impression they are on an *inspection tour* when they come to visit. The parents need to take pride in the young family, including an appreciation of the pleasure their home furnishings bring to them.

The parents need to refrain from giving advice about raising the grandchildren — while still enjoying them as their grandchildren. The young couple (or single person) should be free to develop a social life with others their own age.

A daughter-in-law or son-in-law is often made to feel like an outsider and left out of farm decisions. A daughter-in-law is often relegated to being a short-order cook for hired help, a message carrier, or an errand runner. She often lives in an old house, a rented place, or a mobile home. Perhaps it was intended to be temporary, but she often ends up living there for years.

A son-in-law is often treated as a hired man with little say in decision-making. This is more common in situations where a son also is involved in the business.

Younger party's perspective

The son or daughter (and spouse) should accept without resentment the fact that the parents have spent a lifetime developing the business and raising a family. They are now entitled to rest, travel, good furniture, etc.

Marriage spats are normal. But do not unduly burden the parents with your problems or expect them to take

sides. If the business arrangement led to the disagreement, do not blame the parents.

If you are going into business with your parents, your spouse (rather than your parents) should be your confidant when working out troubles. Otherwise your spouse will begin to feel like an outsider.

Teach your children to enjoy their grandparents. But do not impose too much on the parents to take care of the children and prepare meals. Be discreet around your children so they are not carrying stories between the two homes.

Giving advice

Sometimes it is best not to communicate. Parental advice is motivated by excellent intentions. Parents do not want to see their children repeat parental mistakes. But that does not make advice any more palatable to the younger generation. If responsibility has been delegated to the younger party, he/she will look after it the best way possible or suffer the consequences. One of the best aids to family harmony, and one of the hardest to acquire, is a *firmly closed mouth*. It helps to remind the parents that it is more important in the long run to maintain cordial relations than to get a few more bushels per acre.

Family stressors

“In more than 20 years of consulting with farm families, I have learned that their most difficult stressors are other people, *not* the weather or markets,” said Jerry Robinson, Extension rural sociologist, University of Illinois.

Below are 10 areas, in order of importance, that Iowa farm families identified as causing stress in two-generation farm families.

- Living with tight money
- Farm taking priority over family
- Poor teamwork
- Differing time commitments
- Not being involved in family decisions
- Not being on our own
- Taking more risks than others
- Disagreements over spending
- Receiving criticism from family
- Feeling like hired labor

The same farm families were asked to identify coping strategies. Below are 10 strategies in order of importance that were identified by family members living in two-generation farm families.

- Spiritual belief
- Encouraging each other
- Flexibility
- Problem analysis
- Relaxation
- Diversionary activities
- Acceptance
- Physical activity
- Talk to other families
- Talk with relatives

Improving communications

Good relationships among family members are important for successful two-generation farming arrangements. Poor communications starve a relationship while good communications nourish it. So improving communication skills is important for success. But this doesn't just happen. Both the receiver and the sender must work at developing verbal and listening skills.

Family Discussions

Do not allow ridicule, punishment, or lecturing in family discussions. Encourage listening, understanding, finding alternatives, commitment to action, and support for one another. Listen not only to what the other person is saying, but also to what he/she is feeling. Being respectful to all family members is important at all times.

For example, let's examine a typical harvest discussion. It is the middle of harvest, and the combine has broken down. Jack scrambles to find out what has gone wrong. After he identifies what has broken, he calls his wife, Carol, to go to the dealership and buy the needed parts. Carol drops what she is doing and heads for the car to make a fast trip to town. Within the hour she is in the field, parked next to the combine. She hands him the boxes with the parts in them. Upon opening the boxes he stops for a moment, looks at the parts, and snaps, "You got the wrong parts. How could you have done something so stupid?"

Carol feels hurt by Jack's response. Her natural reaction is to respond to his anger with her own anger. She responds, "These are the parts that you told me to get. You must have told me the wrong thing." From here on, the conversation focuses on who was to blame, rather than how to solve the situation.

Attack, counterattack, withdraw

The discussion above follows the traditional pattern when something goes wrong. Jack is angry because these are the wrong parts. He feels a need to vent his anger, so he attacks Carol. He accuses her of making a mistake (although it could have been his mistake or the dealership's mistake). She feels hurt by his comments, so she counterattacks. This series of counterattacks

continues until one of the parties withdraws from the conversation. The next time he calls on her to do an errand, a very tense situation may arise.

Holding our feelings

Instead of counterattacking, Carol could have held her feelings in when Jack attacked her. In this case, the situation would not have escalated. But Carol would harbor these feelings until they were vented later.

Sharing our feelings

Making judgments tends to isolate us. Jack made a judgment that Carol had gotten the wrong parts, and Carol felt attacked and isolated. But sharing our feelings helps to connect us. If Jack would have responded, "these are the wrong parts. I am upset because we are wasting a good harvesting day. Could you go back to town?" Knowing how Jack felt, Carol would probably have rushed back to town.

Making judgments vs. sharing emotions

Judgments and emotions are different. Judgmental statements are "I am right, you are wrong." Statements of emotions are "I am angry, I am afraid, and I am worried." Judgments are often the result of how we feel. It is often an expression of our feelings.

Judgments are much more likely to be heard as criticisms than are feelings. If I say, "You are wrong," you are likely to feel criticized and attacked. As soon as we feel criticized, it is hard to hear anything else that is said. Our mind is consumed by the criticism.

However, if I say, "I am angry," you are less likely to feel attacked. This is because expressions of emotion (how we feel) are true statements. If I say that "you are wrong," you will probably disagree. But if I say that "I am angry," no one can argue.

Although expressing our feelings seems to make us vulnerable, they really make us safer. If we make a judgment and attack the other person, we are isolating them and inviting them to counterattack. However, if we share how we feel, we are exposing ourselves to the other person. This makes it easier for the other person to respond in kind. Both people feel safer.

Ideas versus feelings

Communicating ideas brings our minds together. But communicating emotions brings our hearts together.

In farm families, it is assumed that we should share ideas but keep our feelings to ourselves. But emotions are very powerful and cannot be ignored. Feelings are more important than ideas at influencing us.

Keys to effective communication

Below are keys to effective communications. But just reading these points will not improve your communication skills. You must practice them. Practice them until they become habits.

- **Give your attention.** When someone starts to talk to you, stop what you are doing and thinking. Face the person and devote your whole attention to what is being said and how he/she is saying it.
- **Listen, not just hear.** One of the keys to good communication is the willingness to listen for meaning in what the other person says and not just for the words. Watch facial expressions and body language.
- **Don't let your mind wander.** While the person is talking, do not think about your answer or response. Listen until the person is finished, then decide what you are going to say.
- **Check for accuracy.** When the person is finished talking, paraphrase back to the person what he/she said to you. If you heard right, then respond to that statement or question.
- **Be aware of other's needs.** You need to be aware of the needs of other family members. Each person has different needs that should be considered and respected. Although each of us has differing needs, all of us have a need for trust, responsibility, praise, security, sense of belonging, and recognition.
- **Ask, don't tell.** Demonstrate equality. Do this by asking for advice or asking a person to do something. This tells the other person that he/she is respected as a peer or equal. Telling often implies a superior/subordinate relationship, such as boss vs. employee.
- **Keep an open mind.** Do not criticize, pass judgment, or preach. It is extremely important to learn to make objective evaluations about ideas, people, and situations. You are making a value judgment when you attach your values, beliefs, or needs to an appraisal.
- **Offer advice, don't give advice.** Learn to offer insights, advice, and expertise without being forceful. It is wrong to say *"this is how you should handle it"* or *"this is what you should do."* It is better to say *"what do you think about this way,"* or *"I suggest we..."* However, sometimes it is not appropriate to soft-pedal advice. You should only offer it if they ask for it.
- **Develop trust.** Trust is the product of open and honest communications. So it is important that good communication channels exist. Also, trust is an essential ingredient of teamwork. If trust exists among family members, teamwork and cooperation are much easier to achieve.
- **Create feelings of equity.** People share a sense of equality if all parties are informed, trust exists, and work is based on cooperation. For two-generation farm arrangements to succeed, all the parties must feel that they are equals. If one party feels left out or feels like a subordinate, success becomes less likely.
- **Develop comfortable relations.** Tension and stress are normal in any relationship. However, the level of tension and stress can be reduced in families that develop teamwork and trust through open and honest communication.
- **Become genuinely interested in others.** All of us have a need to feel important and be understood. One of the ways we feel important is if others are interested in us. So talk in terms of the other persons' interests and try to understand his/her point of view. If we expect others to understand us, we must first understand them.
- **Motivate others.** There are several ways to motivate people. Both negative and positive reinforcement are effective. But in the long run, negative reinforcement like criticism or punishment often creates a desire for revenge. Too often we think of positive reinforcement as receiving more income, but other positive reinforcements that require little effort are praise, trust, interest, and recognition.
- **Keep a sense of humor.** Laugh at the goofy things that happen. Laugh off little annoyances. Smile at every opportunity. Seeing the humor in a situation can often defuse it.

Making Family Business Decisions

For a two-generation farming arrangement to be successful it is important that all adult family members be involved in decision-making. Family decision-making provides an environment where the family works towards goals that all family members have in common. Family members not involved in decision-making will often work towards individual goals that may be in conflict with family goals.

Properly structured *family business meetings* can be used to focus family teamwork on important business decisions. Choosing the right method of making *family business decisions* increases your chances of making the right business decisions for your situation. Relationships can be enhanced by using the concept of an *emotional bank account*.

Family business meetings

To effectively work as a family team, it is important that you hold business meetings. Most farm families underestimate the importance of regular family business meetings. However, business meetings provide a vehicle for making important family business decisions. Below are ideas you can use for holding successful family business meetings.

- **Business setting.** Meetings should be held in a business environment. If possible meet in an office. If you use the kitchen table, be sure that the table is cleared of food and other items. Family members should sit around a table or in a circle. No one should be seated at a position of power. Take the telephone off the hook and try to minimize interruptions.
- **Meet regularly.** Meetings should be held on a regular schedule. Meetings held on an *as needed* basis are usually only held during emergencies. Also it's easy to postpone meetings because family members often don't attach much importance to them. If a meeting has to be cancelled, it should be rescheduled. Holding regular meetings should become a habit.

- **Prepared agenda.** Prepare an agenda in advance. At the beginning of the meeting, give a copy to each family member. The agenda gives the meeting structure and keeps the discussion focused on the important topics. Ask if there are additional items that should be added. All family members should have the opportunity to place topics on the agenda—either in advance or at the beginning of the meeting.
- **Prepared materials.** Prepare materials on important decisions in advance. Give the materials to the members in advance or during the meeting. This would include financial materials, information on proposed capital expenditures, etc. If the materials are distributed before the meeting, it's important that the family members review and study the materials before the meeting.
- **Minutes of the meetings.** Keep formal minutes of the meeting. Appoint someone to take notes. Minutes provide a record of what topics were discussed and what decisions were made. Unless minutes are kept, disagreements may emerge later over what decisions were reached.

Family decision making

Decisions that affect the future of the business are important to all family members. Several ways to make these decisions are discussed below.

Autocratic decision making

Autocratic decision making by one person, often the father, is the fastest and easiest way to make decisions. However, lack of ownership of the decision by the parties involved is a major disadvantage. People tend to support and feel ownership of decisions they have had a voice in making. Conversely, they feel little ownership of decisions made by others. The autocratic approach works best for decisions where the individual parties don't feel a need to contribute, or the time for making the decision is very short.

Democratic decision making

“Let’s take a vote,” is the hallmark of the democratic approach to decision making. The majority wins and the minority loses. This type of decision making tends to split the family. The minority may not support or may even sabotage the decision. Also, the minority may criticize the decision if it does not do well.

This is a good procedure for decision making in large groups. Other methods are preferred for small groups. However, if the other methods cannot produce a decision, voting may be the only viable alternative

Consensus decision making

Consensus building relies on the belief that opponents will gravitate to your solution when they are provided with the right information. It involves educating the opposing party and having confidence that individuals will re-evaluate their position.

Consensus building works best when facts are used to outline the pros and cons of the decision. However, many decisions are not based on facts but on attitudes, perceptions, and emotions. Also, as the number of issues used for advocating or opposing a decision increases, it becomes increasingly difficult to achieve a consensus.

Collaborative decision making

Collaboration is a process. With collaboration all parties join together to constructively explore their differences in search of solutions that go beyond their separate visions. By debating the various perspectives, the complexity of the problem is recognized by all parties and new alternatives are discussed that consider the positions of everyone. All suggestions are considered before alternatives are ranked. No single position is sacrificed at the expense of another alternative. Although collaborative decision making is the most time consuming, it is often the preferred method for making major business decisions.

Summary of decision making methods

- **Autocratic**—Use for routine decisions where others don’t feel a need to be involved.
- **Democratic**—Use for large group decision making, or where consensus or collaborative decision making is inappropriate or fail.
- **Consensus**—Use for decisions where facts can be used to outline pros and cons.
- **Collaborative**—Use for making major business decisions which require the support of everyone involved to be successful.

Emotional bank account

A basic element of strong family relationships is trust. Trust can be built into a relationship by using the metaphor of an *emotional bank account*. Deposits made into the bank account build trust. Deposits can be courtesy, kindness, honesty, and the habit of keeping commitments. As trust in the account increases, it can be drawn upon. An account high in trust makes communications easy, instant, and effective .

Withdrawals from the account are discourteousness, disrespect, overreacting, betrayal, and threats. If withdrawals exceed deposits, the level of trust drops and the account eventually becomes overdrawn. Instead of a relationship rich in trust and communication, an overdrawn account becomes one of accommodation where the team members are drawn away from each other and pursue independent goals. So to have a strong family relationship, the members must build their *emotional bank accounts* with each other so that trust will be high and communications flourish.

Designing business teams

The success of two-generation farming operations is based on teamwork by the parties involved. By working together, you can often accomplish more than when you work as individuals. So it is important that you use teams to accomplish business tasks.

To have successful teams, you must select the right type of team to accomplish the task involved. Next you must include the proper elements in structuring the team.

Types of Teams

Not all teams are alike. Below are three types of teams. The type of team you choose will influence how effectively you achieve your goals. Depending on the circumstances, choose the type of team that best fits the task you want to accomplish.

1) Functional Team—With this team, the players play *on* a team, but they do not play *as* a team. An analogy for this type of team is baseball. In baseball each player has a fixed position. Each player carries out certain functions by themselves. There is an old baseball saying that “*If you are up to bat, you are totally alone.*”

This type of teamwork is the model on which mass production and assembly lines were built. With a functional team, the results produced by the team is the sum of the results produced by each individual team member.

It is simple and easy to establish. So there is a tendency to establish teams around this model. Each person’s performance is easy to evaluate. It works well when the tasks are repetitive and the rules are well known. Hired labor is often organized as a functional team.

Teams organized around the functions of the business work well with this structure. For example, situations where one person is responsible for record keeping, another for marketing decisions, and another for

financial management are best handled with a functional team.

2) Hierarchy Team—With a hierarchy team, the team works in unison. The team requires a coach or conductor. An example is an orchestra or a football team. The team requires someone to lead them like a conductor or a quarterback. Also, the team requires a score or a set of plays to be successful, and may require rehearsal to function properly.

As with the hierarchy team, each player has a fixed position. The tuba player does not take over for the clarinet player. However, they play *as* a team. Each coordinates his or her part with the rest of the team. The success of one player depends on the actions of the others.

Activities like planting and harvesting crops are often organized as a hierarchy team. In these situations, the activity is to be conducted in the most efficient manner and shortest period of time. One person acts as leader to organize and direct the team.

A hierarchy team has great flexibility if used properly. It can move very fast and is very good in situations where a task must be accomplished in a short period of time.

3) Organic Team—This team is similar to a doubles tennis team or a basketball team. Each person has a *preferred* rather than a *fixed* position. The teammates cover for each other. They adjust their play to accommodate the strengths and weakness of each other. Often the most valuable person on an organic team is the person who can play any position.

A well functioning organic team is the strongest type of team. It displays *synergy*—the results produced by the team are greater than the sum produced by each individual team member. Synergy occurs because the team uses the strengths of each member while minimizing the weaknesses of each. However, to be successful, this type of team requires substantial self-discipline. It

also requires each team member to make his/her ego subservient to the welfare of the team.

The organic team is often used in situations where all of the team members know how to carry out the responsibilities of each of the team members. This type of team involves an intimate knowledge of the other team members. Family members who have worked together for a long time often work as an organic team. However, if one person persists in being in charge, or if teammates will not support each other, an organic team will not function properly.

Elements of Successful Teams

To have a successful team, certain elements must be present. Examine the elements listed below to see if they are present in business teams you are participating in. The extent to which these elements are present increases the chances of having a successful team outcome.

1) Team Goals—Team goals must be clearly specified. This provides the focus around which team activities are organized. For example, the goals of a team designed to harvest the crop may be to do so in a timely manner, minimize field loss, prevent accidents to team members, etc. If team goals are not specified and agreed upon by all team members, the team will tend to wander without direction.

2) Commitment—All team members must be committed to achieving the goals of the team. Team members who don't take responsibility for team activities will undermine the commitment of other team members.

Also, team will be weakened if its members bring *personal agendas* of what they want to achieve into team activities.

3) Shared Rewards—To get commitment, team members must be involved in identifying team goals and sharing the rewards of the team. If members do not share in team rewards, they have no reason to participate in team activities.

4) Defined Roles—To successfully carry out the activities of the team, the role of each team member must be defined. Without clearly defined roles, members will become frustrated because they won't know what activities they are responsible for. As a result, many team activities will not be carried out.

5) Trust—Successful teams are made up of members who trust each other. Lack of trust among team members will shift the member's focus away from team goals to protecting their individual positions.

6) Mutual Respect—For trust to exist among team members, they must have respect for each other. This includes respect for the views and activities of other team members. But it also includes respect for the goals of the team itself and the responsibility to work towards these goals.

7) Communications—Without communications, little teamwork will occur. Good communications among team members is important to successfully implement the elements discussion above.

Resolving family and business conflicts

Conflict is a daily reality for everyone. Some conflicts are relatively minor and easy to handle. However, others of greater magnitude require a strategy for successful resolution or else they will create constant tension and lasting enmity in the family or business. Knowing how to manage and resolve these conflicts is important for the overall success of the farm business.

Conflict is not necessarily bad. Properly managed, moderate doses of conflict can be beneficial. Conflict is the root of change and allows people to learn and grow. It stimulates curiosity and imagination, and relieves monotony and boredom. After conflict, closer unity may be established.

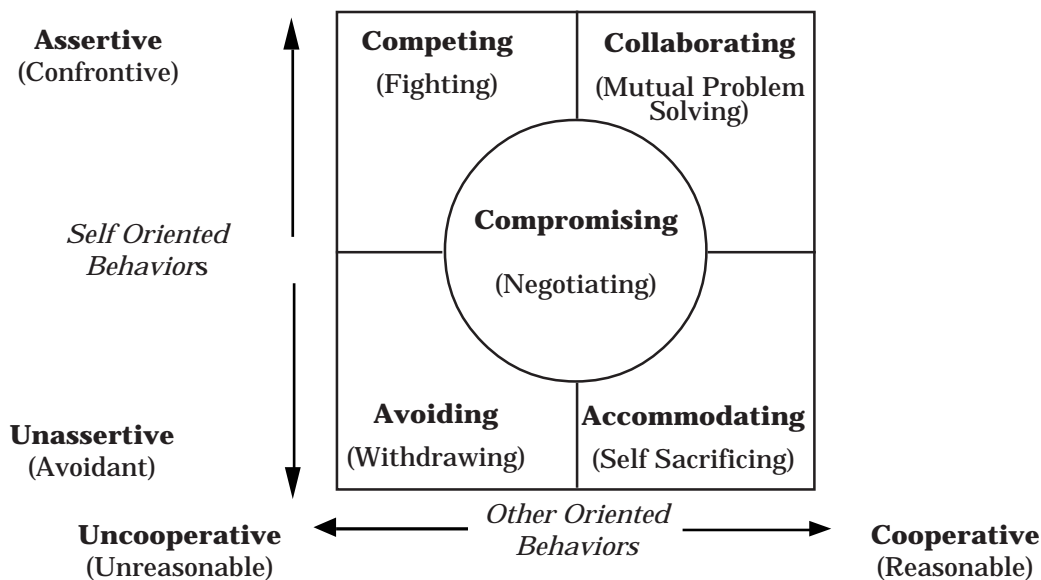
However, conflict can be harmful to the family and business, and divert time, energy, and money away from family and business goals. Prolonged conflict can be injurious to your physical and mental health.

Various methods you can use to manage conflicts are outlined in this section. A step-by-step procedure also is discussed for resolving family/business disputes.

Conflict management styles

A framework for learning various conflict management styles is presented below. No one style is superior. The most effective style depends on the situation. You should master all of the styles and know when to use each one.

In the figure below, two basic variables are plotted against one another. One variable is *assertiveness*, or the extent to which the individual attempts to satisfy his or her own concerns. The other is *cooperativeness*, or the extent to which the individual attempts to satisfy the other person's concerns. These two dimensions define five distinct styles for coping with conflict: *competition, collaboration, avoidance, accommodation, and compromise*.



Source: Guy Hutt and Robert Milligan, *Managing Conflict on the Farm*

Competition. Competition reflects a desire to meet one's own needs and concerns at the expense of others (win/lose situation). The most assertive and least cooperative people use the competitive style (see figure). To achieve the desired outcome, the competitor uses whatever power is available and acceptable, *e.g.*, rank, persuasion, expertise, economics, or coercion. Competition (or any other style) is neither good nor bad, but only one of the many styles that may be appropriate and effective, depending on the situation.

Accommodation. Accommodation means placing the other party's needs and concerns above one's own (lose/win). It is characterized by cooperative and unassertive behavior (see figure). Accommodation is appropriate and effective if one party is not as concerned as the others. It is effective when preserving harmony and avoiding disruption are important. It builds good will and leads to cooperative relationships.

Avoidance. People using this style simply do not address the conflict and are indifferent to each other's needs and concerns (lose/lose). It is characterized by uncooperative and unassertive behavior by both parties (see figure). Avoidance can be employed effectively as a short-term or interim strategy until more information is available or emotions cool down. It can be used as a permanent strategy if the probability of satisfying one's needs and concerns is exceedingly low.

Collaboration. People using a collaborative style aim to satisfy the needs and concerns of both parties (win/win). It involves the maximum use of both cooperation and assertion (see figure). Collaboration requires more commitment than the other styles and takes more time and energy. With this style, the parties often are more committed to the resolution because an outcome that meets the needs of both parties is more likely to be supported.

Compromise. Compromise is midway between the previous four styles (see figure). It will lead to a partial fulfillment of the needs, concerns, and goals of both parties. Compared to collaboration, few issues are confronted. Compromise is appropriate when the goals of the parties are moderately important and not worth the effort and time required for collaboration.

Managing conflicts

The family may need assistance in resolving conflicts. So you may need to assume a leadership role in managing and resolving these conflicts. Below are six steps or techniques you can use for managing a family/business dispute.

- **Initiate dialogue.** Call the family together and establish the fact that you will be open, honest, and attentive to everyone's needs in what is likely to be a sensitive situation. Discuss only present problems and discuss them one at a time. Remember, everyone has a right to talk. It is important to understand every person's position.
- **Involve all parties.** Next, involve all parties in the communication process. Involvement begins by asking questions and encouraging others to answer. Listen as people respond to your questions.
- **Assimilate information.** The third phase is to assimilate all this information. Everyone must consider all of the facts and feelings. Clarify every position expressed and its cause.
- **Reinforce agreements.** The next step is to reinforce agreements. Reinforcing agreements is a powerful psychological tool. This process builds trust and understanding and makes negotiating easier. Always reinforce agreements before you negotiate disagreements.
- **Negotiate disagreements.** This begins by reviewing and ranking the disagreements. When issues are ranked, seek adjustments from each adversary, with the most insignificant or easiest problem first. Remind them that you cannot negotiate disagreements until the facts and feelings are understood by everyone.
- **Solidify agreements.** The last step is to solidify agreements and confirm solutions to the problem. Begin by reviewing the changes agreed to, and ask if compromises are still acceptable. Review proposed actions carefully. Commitment to the adjustment can be confirmed through formal or informal contracts, a checklist, a handshake, or even a hug.

Developing capable managers

The management skills and abilities of the younger generation need to be developed. In two-generation farming situations, the role of the parents is to help develop these management capabilities. This is essential for the future success of the farm business.

A two-generation farming operation provides a training ground for the younger party. It provides a safe environment where new skills and ideas can be tried. The skills and capabilities learned here will guide the business after the parents are gone.

Young people must be allowed to make meaningful contributions. Whenever we appreciate the contributions of the younger generation, no matter how small, we are helping them to see themselves as capable people.

Mistakes should be made now when they can be easily corrected rather than later when they may cause damage to the business. Remember, the outcome of a decision may not be as important as helping the younger party develop management skills and capabilities.

Below are five behaviors that can be used in the development of capable managers. These behaviors affirm and validate our belief in the management capabilities of the younger generation. You should practice these in your family. Are any of these behaviors present in your situation?

Checking rather than assuming

By checking we learn how much understanding a person has and how capable he/she is. Checking aids us in helping the young person develop management capabilities. Jeff's father says, "*Son, what will you need to do before you take the truck?*" When we take time to check, we are saying that we respect the fact that the person is capable of making decisions and experiencing personal growth.

Assuming is generally borne out of expediency. It saves time to assume others will respond to specific experiences and then act in accordance with our assumptions. Jeff's dad says, "*Don't forget to check the oil in the truck.*" The last time he forgot to check the oil was three years ago. But his father assumes that no management growth has taken place since then.

When we assume, we ignore the ability to learn and change from day-to-day. By assuming we say, "*What you were yesterday is all that I will allow you to be today.*"

Wherever possible, use dialogue and patience rather than assuming. Ask the question, "*How can I use this situation to check out what this person knows and is ready to learn?*"

Exploring rather than rescuing and explaining

By exploring we learn how another person perceives a situation. We ask questions like: "*What happened? What caused it to happen? What did you learn from the experience?*" By exploring, we show confidence in the young person's capabilities to master situations and gain understanding.

Rescuers are people who step in to take care of things for others. We often rescue the younger person from management situations rather than allowing them to experience the consequences of their decisions. There is a prevailing belief that we develop good managers by explaining things to them. However, we are truly effective if we help them develop useful explanations for themselves. If we play the rescuer role, we send the younger generation into future business situations without the management tools necessary to effectively compete.

Exploring helps people develop good judgment. Explaining retards the development of people's judgmental skills as well as their sense of being capable.

Encouraging rather than directing

People feel encouraged when we invite participation and contributions rather than directing and demanding compliance. When people are encouraged to contribute, they are generally willing, cooperative, and responsive. When we encourage people to explore possibilities, we help them develop positive attitudes toward learning from experiences, and even from failures.

Directing is born of expediency. It is much easier to direct others to do things our way than to allow them to do things their way. If you insist on telling people how to perform every detail of a task, you create feelings of hostility, aggression, and resistance. But when you ask people to contribute, they believe you feel they have something of value to offer.

Celebrating success rather than pointing out failure

People live up to (or down to) what we expect of them. So, if we want the younger person to be a capable manager, we should convey our expectations to them and provide them the freedom and support to meet our expectations. However, by expecting, we often set high standards and then point out the person's failure to meet these standards.

The problem is not with the standards but with the expectation of meeting the standards. The proper approach is to have high standards, but to realize that people will grow to meet these expectations in small incremental steps.

Too often we are preoccupied with what people have done wrong rather than celebrating what they have done right. When we celebrate any movement in the right direction, we are affirming and validating the other person and their newly acquired management capabilities. As a result, he/she is often interested in doing more. It is easier to tame a fanatic than to put life into a corpse.

Respecting rather than holding accountable

Young people cannot gain wisdom as long as they are afraid to have an experience, or as long as we analyze it for them. If we insist on our superior knowledge, young people will be inhibited from gathering knowledge. By showing respect, we realize the uniqueness of each individual. If we do not show respect, we deny our diversity. Our uniqueness as individuals is our greatest value, both to ourselves and our family.

However, we often hold others accountable for having all of our expert knowledge. It refers to the bad habit of requiring others to read our minds and think the way we do. It makes others who fail to think, see, and understand exactly as we do to feel unacceptable by our standards.

Keys to Success

Below are additional issues to consider to ensure the success of your two-generation business arrangement. Will any of these be a problem in your situation? Some of them have been discussed before, but are repeated here to stress their importance.

Where are you going?

The family members need to have a common vision of where the business is going. Is the goal to expand the business or maintain it at its present size? Will the expansion be financed with debt or equity capital? Will enterprises be added to diversify the business or will some be dropped in favor of specialization?

If you have a common vision of your business future, will the objectives of the individual family members be met? Family members will work together towards a common vision only if the vision will achieve their personal objectives.

Do you really want to farm?

Does the younger party really want to farm? Or is he/she coming into the business because of pressure from the parents to continue the business.

Often the most successful situations are those where the son or daughter has tried something else before returning to the farm. Such experiences may increase the younger party's appreciation of farming and provide him/her with a wider perspective on situations facing farmers.

Is the operation large enough?

Will the operation provide sufficient income for both families? If not, have you made arrangements to supplement the income? Insufficient income can be the cause of a wide range of other problems. Family relationships are often strained when there is insufficient income for all parties.

Strengthen family relationships

The underlying success of a business agreement depends on healthy family relationships. Both the younger and older party need to be understanding and

tolerant of each other's faults. Often the parents tend to become conservative as they get older. The younger party may be venturesome and willing to try new ideas. Both parties must have the ability to compromise.

Improve communication skills

Good communication involves both talking and listening. People are usually much better at talking than they are at listening. Remember, you must understand the other person's point of view before you can expect him/her to understand yours.

It is important to keep all members of the farm family informed, both those active in the farm business and those not actively involved. This can help diffuse jealousies and bad feelings.

Recognize individual differences

Everyone is different. Some people are gregarious and others are quiet. Some people are action oriented and others are analyzers.

We are attracted to and respect people who are like ourselves. But team members who are different tend to complement each other. One person's weakness is another person's strength. So teams made up of team members who have different qualities and talents are usually more productive than teams made up of people who are similar.

Allow for management participation

Participation in management by both the younger and older party is important for a successful business arrangement. Decision making should be transferred as the assets of the business are turned over to the younger party. Agreements where the parents always retain final management control will often cause problems.

Practice family decision making

Participation in major decisions by all family members is important. People are more supportive of decisions they have been involved in making. Regular family meetings where business decisions are discussed are important.

Encourage diversionary activities

The key to success in operating a family farm is to keep personal life-styles out of the farm operation itself. Separate business from social life. Too much family contact can be a problem.

Family members should be encouraged to participate in off-farm activities that don't involve other family members. Service clubs, farm organizations, or community organizations are good activities.

Everyone needs vacations and time off—and more than just a weekend. The families should decide how much time-off is to be provided and under what circumstances it will be permitted.

Allow the younger generation to make mistakes. Everyone should have the opportunity to make mistakes. That is how we learn. The parents should stand back while their son or daughter makes mistakes. The younger generation needs these opportunities to learn so they can survive the tough years of farming ahead.

Separate housing is required

If two houses do not presently exist, additional housing can be obtained by:

- renting a nearby farm dwelling,
- buying and remodeling a nearby farm dwelling,
- buying a farm dwelling and moving it,
- building a new home, or
- buying a mobile home.

Fit the agreement to the situation

People often ask, “*What is the best type of business arrangement?*”? They assume that if they find the one best arrangement, all of their problems will be solved. But this *one-size-fits-all* approach is usually not adequate. The best business arrangement depends on what you want to do. If you pick the business arrangement first, you may have to change your individual situation or your goals to conform to the business arrangement. First assess your individual situation. Then pick the type of business arrangement that fits you best.

Written agreement

A written agreement is like *minutes of the meeting*. It tells when you met, who was there, and what was decided. Written agreements make the terms of the agreement more definite and leave less chance for future disagreement and misunderstanding. People

tend to use *selective listening* and *selective recall*—hearing and recalling only those portions of conversations that reinforce their point of view. A written agreement protects not only the original parties, but the assignees and heirs in case either party dies.

A written agreement encourages all parties to consider many phases of the business and forces them to think through potential problem areas. Decisions are made before the problems occur. In subsequent years, it provides a basis for changing provisions when adjustments are desired.

Update the business arrangement

Two-generation farming operations are dynamic. Over time the younger generation takes on more ownership and management of the farm business. As ownership and management are transferred from one generation to the next, the business arrangement needs to be updated to reflect these changes. Failure to adjust the arrangement will result in an inequitable distribution of income.

Concerns of off-farm heirs

We have focused on the child that is coming back to farm, but non-farming children should also be considered. The on-farm child may have received special economic considerations such as gifts of property or a share of the farm income that is larger than their contribution to the business. Will this cause resentment from the non-farming children? Should they also receive gifts?

Parents without an interested child

We have discussed how to bring a child into the business. However, many parents do not have a child, or at least one that is interested in farming.

In most communities there are young people who are interested in farming. These people are often anxious to become involved in a viable business operation. Many of the same general principles discussed previously apply equally well to unrelated individuals.

There are programs available that assist in matching retiring farmers with beginning farmers. ISU Extension has the **Farm On** program which assists in making these matches. If you are interested call your local county Extension Office.

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