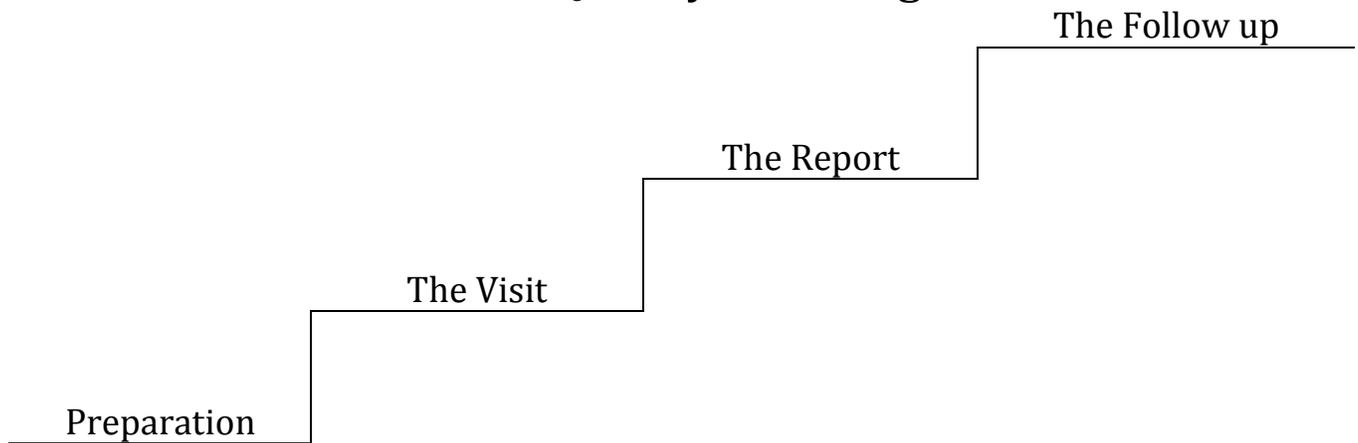


WORKING WITH FARM FAMILY BUSINESSES

Some Suggestions and Procedures For Quality Advising



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Foreword

This publication illustrates strategies and techniques utilized by four experienced and effective Cornell University professionals who collectively worked with thousands of farm families to resolve management and personal issues affecting farm profitability. A connection that all authors have is an affiliation with NY FarmNet, an organization that provides free, confidential consulting to farm families in New York State and is part of the Charles H. Dyson School of Applied Economics and Management at Cornell University. Suggestions contained in this publication are the culmination of a consulting strategy and tactics that evolved over successful careers working with farm families. A key objective in developing this publication was to provide consultants with tips and strategies to best handle consulting sessions – from preparation to follow up.

About the Authors

George J. Conneman

George J. Conneman is a professor emeritus in the Charles H. Dyson School of Applied Economics and Management at Cornell University. Dr. Conneman taught advanced farm management, farm appraisal, and other courses from 1956 to 2000. Honors received by Conneman as a professor include Professor of Merit Award for Excellence in Teaching from the State University of NY, the Edgerton Career Teaching and Advising Award from the College of Agriculture and Life Sciences, and the Chancellor's Award for Excellence in Teaching from the State University of NY. Dr. Conneman has appointed as faculty director for NY FarmNet in 1997 and served until 2001. He remains active in consulting with farm families and continues to help farm families on management issues and intergenerational transfers.

Jane McGonigal

Jane McGonigal is a founder of NY FarmNet and former chair of its steering committee, McGonigal's leadership is a legacy of service to farm families as they face financial challenges and interpersonal difficulties. That work evolved from McGonigal's early experience as a home demonstration agent and her Ph.D. project, which involved creating a comprehensive farm family database and a series of fact sheets that have become the foundation for the information used to transfer farms from one generation to the next.

Carl Crispell

Carl Crispell is a retired regional Cornell Extension Specialist and NY FarmNet consultant. Crispell had a successful career with Cornell Cooperative Extension, starting as a County Agent, and eventually becoming a regional specialist. His interest in working with farm families on farm transfer issues led to a study on 46 farm families who transferred farm ownership to the next generation. After retiring as an extension specialist, Crispell became NY FarmNet financial consultant and worked with numerous farm families on farm business issues and opportunities.

A. Edward Staehr

A. Edward Staehr is a senior extension associate and executive director of NY FarmNet in the Dyson School. Prior to joining the Dyson School, Staehr was a farm business management extension educator for Cornell Cooperative Extension, and collaborated on projects with the other authors. A key area of Ed's interest is increasing the number of farm business transfers from one generation to the next. Early in Staehr's career, he assisted Crispell on a farm transfer study mentioned above.

PREPARATION

A lesson learned from NY FarmNet in working with farm families is that families often request consultant meetings on issues they feel comfortable in talking about, and fail to mention critical issues, such as family conflicts – a significant impediment to farm business success. Consultants must be flexible in working with farm families in such instances, as different issues may arise during farm visits. For example, in working with families on transferring the farm business to the next generation, personal and family issues often need to be resolved during the transfer process. NY FarmNet consultants frequently report encountering different issues to discuss once they arrive at the farm, than farm families initially identified.

- Recognize your own values, attitudes and experiences and how they affect your work.
- Each farm family is unique – don't stereotype, find out who is "the family".
- Prepare for the visit and discussion. If possible, collect general background information. Find out what the family has identified and their problem or concern. Obtain available financial statements and other business data if appropriate. Study the information available.
- Plan a strategy for approaching the problem(s). Review your proposed strategy with the person who arranged for the consulting or other professional who knows the family situation. Try to identify what the parties need to think about.
- Find out what family members are involved and how involved, i.e., what stake each family has in the business.
- In some cases, it may be advisable to visit with individual family members before counseling with the family as a group (mother and father, children, spouses, employees). The little things that bug some individuals may be the cause of key problems.
- It may be valuable to meet "off site". Neutral ground is frequently important. Having a meeting around the kitchen table may not be considered neutral by all parties involved.
- Prepare for the visit. Use an appropriate questionnaire to collect general background information. Find out what the family has in mind (or thinks they have in mind). Obtain available financial statements and other business data. Study the information available. Gathering background information and completing the questionnaire also helps to pump them up for the visit, lays the groundwork.

THE VISIT

In the initial farm visit, many NY FarmNet consultants request a tour of the farm to gather information that may be helpful in working with farm families. One may observe the condition of facilities or livestock and have an opportunity to informally speak with employees. Walking around the farm business may serve as an ice breaker and promote conversation. It also provides consultants with an opportunity to ask questions on what they are observing and demonstrate knowledge on farming practices. Initially building credibility will result in more productive meetings with farm families. Moreover, it will lead to a productive meeting where family members identify business and personal goals to achieve. A successful plan for the future serves as a guide for family members to achieve identified goals.

1. Make the initial contact friendly, pleasant, warm, supportive. Show concern and interest in the family. Make it easy for the individual (family) to talk. Ask some simple questions to start them thinking and talking.
2. A consultant needs to learn how to listen. Ask pertinent questions and then listen. Ears are one of the successful consultant's most important tools. It is easier to talk than listen! Listen sympathetically – let them talk, you listen.
3. Try to identify the real problem early in the visit. Don't overlook or assume away what may be simple but critical problems. Help them face up to the facts. What facts are ...not in terms of what you (they) might wish them to be.
4. Bring out the concerns of all parties involved. Ask questions to bring out the silent person. Get them to talk. You have to work harder with individuals who don't normally talk easily. You have to guide talkative family members into specific areas of discussion.
5. Sometimes getting the family to think BIG helps solve the problem(s).
6. Identify the areas of agreement and build on these, before tackling the area of disagreement, i.e. settle the big issues first (basic nature of the partnership - - ownership pattern, plans for sharing of income, etc.). Then the smaller issues (who keeps the books, specific receipt and expense items, etc.).
7. There is no standard answer for all families – the situations often are different (think about what makes this family different from other families, what they want to do, etc.). The solution depends on the individuals' goals and resources. The challenge is to develop the best solution for THIS case.

8. Learn to analyze the persons concerned. A successful consultant/counselor needs to know subject matter and to understand people. Tailor your suggestions to what this family or individual is capable or likely to do now. What makes this family different than other families?
9. Make a visit or conference no longer than 2 hours in length - - you don't save very many souls after 2 hours or after 10:00 p.m. (When giving a speech or sermon, you don't save many souls after 20 minutes!)
10. Ask those involved to write down their goals/objectives and how they see the problem(s). Identify and analyze possible solutions. Bring out the concerns of all parties involved.
11. Practice your best communication skills. Ask pertinent questions and then listen. Listen! Listen! Listen! Ears are one of the successful consultant's most important tools. It is easier to talk than listen, so don't fall into the trap of talking. Ask questions to bring out the silent person. Endure silence until they do the talking. Get them to talk. Establish communication.
12. Identify the issues and articulate solutions in "I heard you say": rather than "you said". Be as neutral as possible.
13. Recognize that there is never only one solution.
14. Remember doing nothing is also a decision. Team your expertise with others who have expertise you lack.
15. In many cases, a referral to consultants with special expertise is necessary. It frequently takes a team to solve problems.
16. May need several sessions particularly if the parties need "education" on the many possible solutions or alternatives.
17. Don't solve the problem in the first meeting. Give assignments for session #2, (may have different assignment for each family member involved).
18. Confidentiality is a must - - of both the conversations with the individuals and the report that follows.
19. Share what you plan to do in follow-up including report and when it will be received.

20. Recognize that there is a human side to consulting – the parties involved will experience both anxiety and resistance to change (maybe of different levels, but it is a human reaction.)
21. The consultant or counselor may not be able to represent all parties.

THE REPORT

The report should concisely represent items discussed in the meeting and identify farm business goals. NY FarmNet financial consultants develop pro forma income statements and balance sheets to accompany options for farm business progress. Each option identified will have financial statements to project financial impact on the farm business. Reinforcing goals to achieve progress is critical in evaluating progress toward achieving positive results. Moreover, identifying next steps to take before a subsequent meeting will keep farm families on track to accomplish business goals.

- Keep the written report short and to the point, but be sure it is clear and easy to read. It should be simple, yet comprehensive enough to be clearly understood. Some people need more explanation than others do. Consider your audience.
- The report should lay out the consequences of doing this or not doing that (the consequences of not acting or not changing!) Options should be clear. Explore alternatives in positive terms, e.g. “You might try this” rather than “Don’t do that”.
- Structure the format of the report so the family knows what the basic recommendations are. The report format should include a summary of major points first, then details (executive summary format). Put supporting data, tables, etc. in the appendix.
- Have someone critique your report before you send it or give it to a family. Don’t be afraid to discuss it over the telephone with another consultant.

THE FOLLOW-UP

Let the report serve as a guide for a follow up meeting. If progress toward achieving goals is evident, additional meetings are warranted. NY FarmNet consultants often make phone contact with farm families to verify progress is being made toward achieving identified goals before subsequent meetings are scheduled.

- Aim to have a report back to the family within 2 weeks after the visit.
- Schedule a follow-up visit. It is almost always needed to help clarify options identified by the consultant and make plans for the next step in solving the problem.

MISCELLANEOUS

- I suppose these could have been included in one of the other 4 categories – but to emphasize, points are listed separately.
- Don't try to be an expert on everything - - you may wish to “farm out” some consulting jobs. Determine the nature of the problem. Is it in your area of expertise or should it be referred to someone else?
- Keep notes from the visit and a copy of the report for follow up and future reference. Records are for continuity, to reduce “back tracking”. Keep them accurately and honestly.
- Use your “natural capital” - - your emotions, your charm, your rage, your impulses.
- You do different things with the same people at different times.
- You have to do what it takes to move a project along.
- That may mean HUGS CARROTS
 STICKS SCREAMS
 CRYING JUMPING UP AND DOWN
- Use first names with family!

SUMMARY

NY FarmNet consultants have anecdotally observed that attitude plays a significant role in achieving business and personal success. For example, one may view that opportunity is nowhere and another may see that opportunity is now here. Many successful farm businesses expand during down business cycles to maximize profits during the next up cycle. In the words of W.L. Phelps, “One man finds an obstacle a stumbling block, another finds it a stepping stone.” Other observations of the authors include:

- Life is hard by the yard, but a cinch by the inch.
- Success comes in cans: can develop a new approach, can weather the storm, etc.
- There are only two bequests one can give to their children; one is roots, and the other is wings.
- Educating for life in this century involves preparing future leaders with management, technical, and leadership skills to disseminate new knowledge and technology and deal with economic, political and ethical issues.