






Ag Legacy

Leadership in Your Ag Legacy

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Welcome to another AG LEGACY recording.

AG LEGACY is a series of presentations and other online materials intended to assist rural families in creating their own legacy by beginning the thought process and opening the lines of communication.

Today's recording will address the topic Leadership in Your Ag Legacy

Today's speaker

John Hewlett

Ranch/Farm Management Extension Specialist
UW Department of Ag & Applied Economics



I'm John Hewlett Ranch/Farm Management Extension Specialist in the University of Wyoming Department of Agricultural & Applied Economics

I will be your speaker for today's AG LEGACY presentation



Thank you for joining this discussion on Leadership in Your Ag Legacy. Chances are good that you have experienced some level of conflict in your family business. You might have had arguments at the dinner table, or felt the sting of a disagreement out in the shop.

I want you to know that you are not alone. Family and business are tied tightly together on a farm, which means conflict is completely normal. It is not a matter of if it will happen, but when. Today, we are going to talk about how to reduce that conflict, improve our communication, and increase the chances of successfully passing your farm or ranch to the next generation.

THE SITUATION

- Tom has run the family ranch for 40 years
- His daughter, Sarah, puts in long hours daily, expecting to take over

THE SPARK

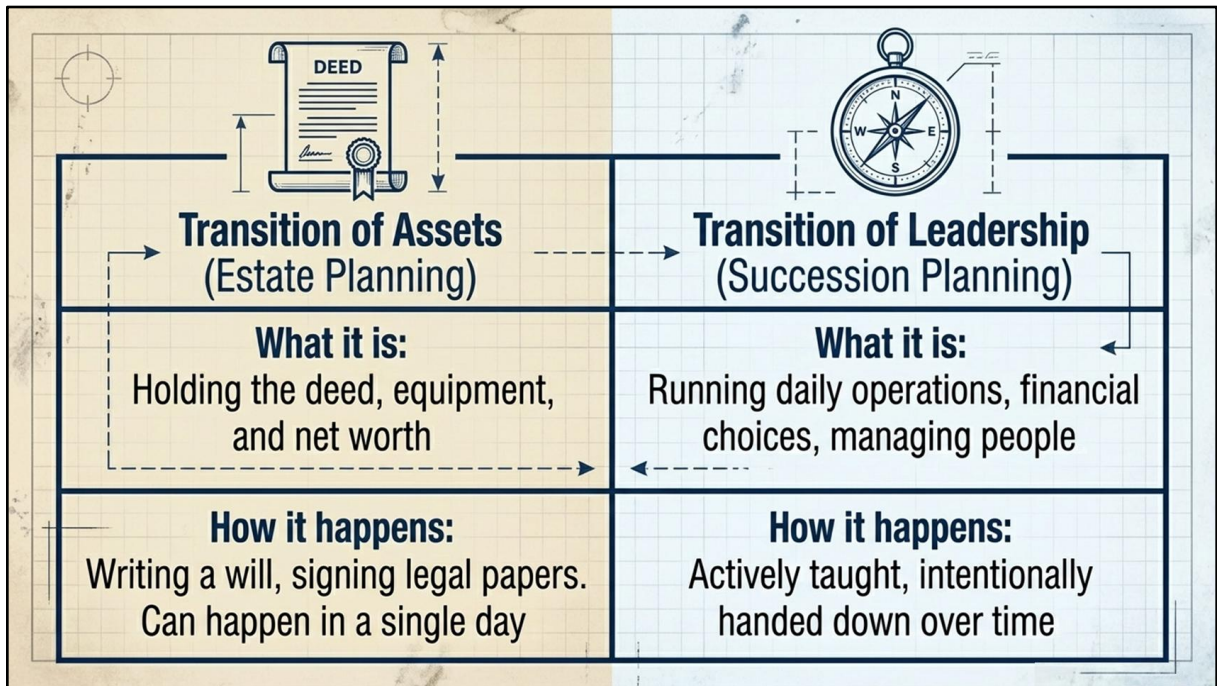
Sarah throws her wrench in frustration
She had to ask Tom's permission to buy a \$500 replacement part for the baler

THE RESULT: Sarah feels like a hired hand. Tom feels defensive, terrified of losing control. The relationship is tearing apart.

Let's begin with a story about a man named Tom and his daughter, Sarah. Tom has run his family ranch for forty years. He knows every single inch of that land. Sarah works right by his side every day, putting in the long hours and sweat required to keep things going because she expects to take over the farm one day.

But lately, the tension between them is boiling over. One day, standing in the shop, Sarah throws her wrench on the workbench in total frustration. The spark? She had to ask Tom for permission to buy a \$500 replacement part for the baler—again.

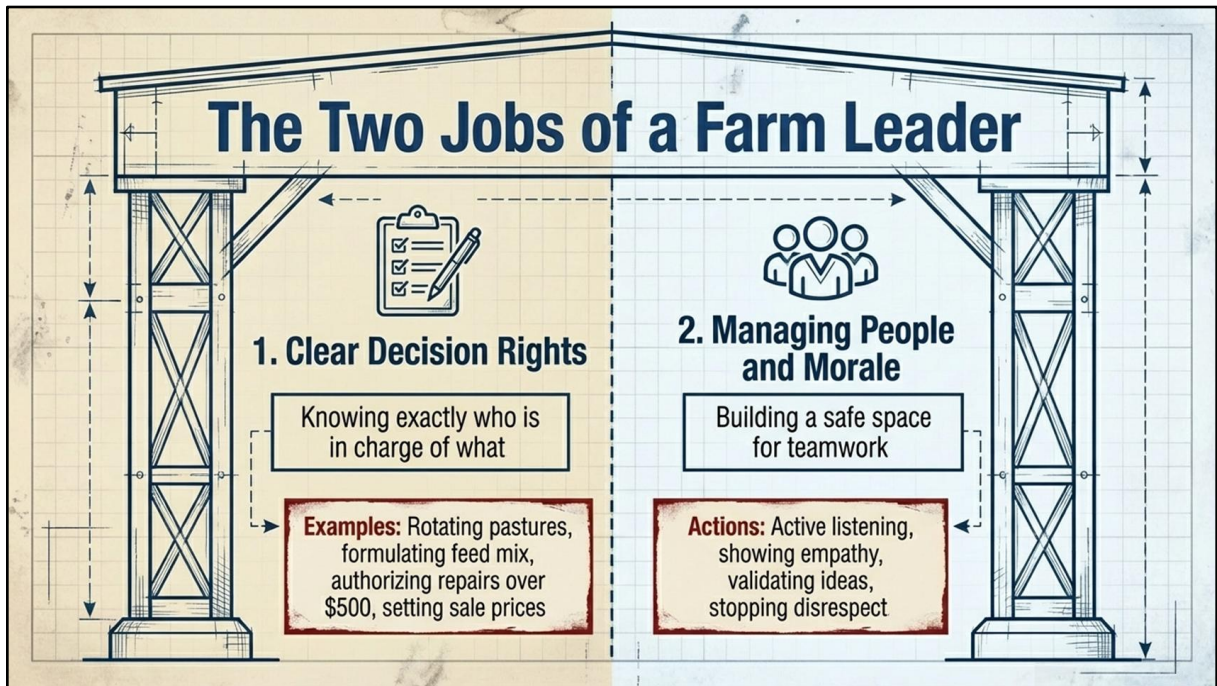
The result of this situation is deeply painful for both of them. Sarah feels like a hired hand instead of a future leader. Tom feels defensive because he is terrified of losing control of the business he built from the ground up. Their failure to communicate and their lack of a clear plan is slowly tearing their relationship, and the ranch, apart. Does this sound familiar to anyone?



To avoid ending up like Tom and Sarah, we have to understand the difference between estate planning and succession planning. When families talk about passing down the farm, they mostly think about the left side of this slide: the Transition of Assets. This means writing a will, signing legal papers, and transferring the deed, the equipment, and the net worth. Asset transition can literally happen in a single day.

But true succession planning is the right side of the slide: the Transition of Leadership. Leadership is about running the day-to-day operations, making the hard financial choices, and managing the people on your team.

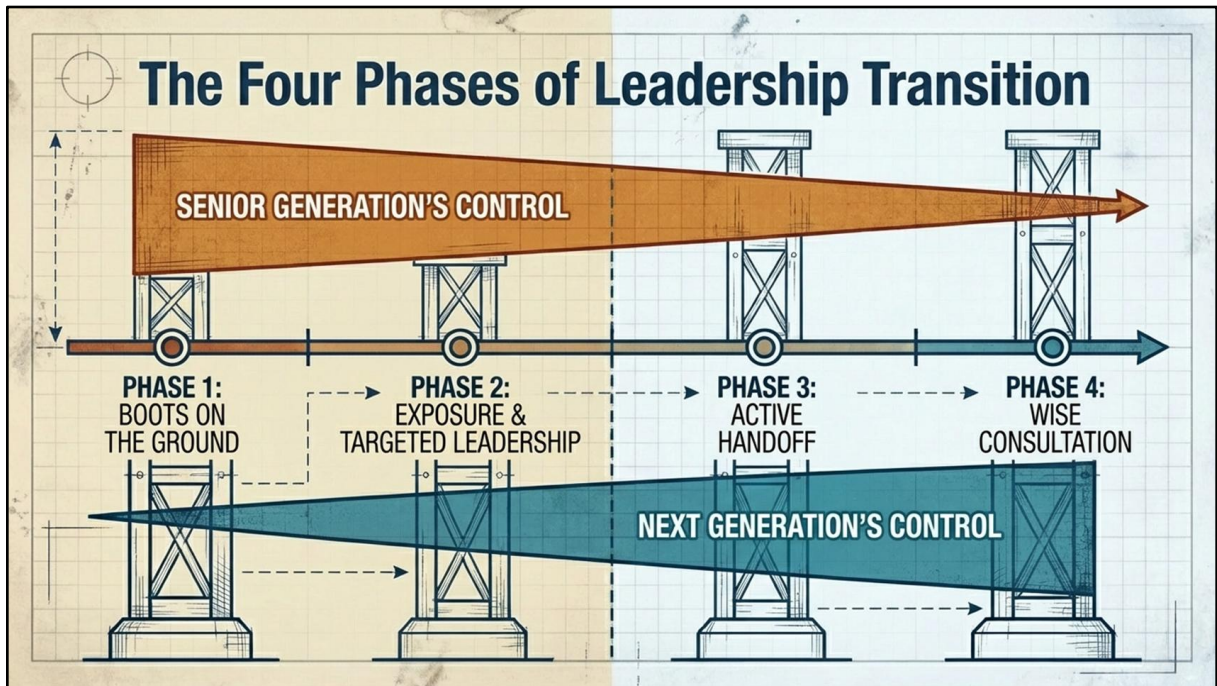
Many parents think their kids will just naturally pick up management skills by working hard. But that is a myth. Leadership must be actively taught and intentionally handed down over time. If you do not have a plan for leadership, your estate plan will not save the farm.



So, what does stepping into a farm leadership role actually look like? It generally comes down to two main jobs.

The first job is establishing Clear Decision Rights. Good leadership requires everyone to know exactly who is in charge of what. You can prevent a lot of arguments simply by agreeing in writing on who gets to make the call. Who decides when to rotate the pastures? Who formulates the feed mix? Who is allowed to authorize equipment repairs over \$500 without asking? Clarifying this before a crisis hits stops conflict in its tracks.

The second job is Managing People and Morale. Farming isn't just about crops and cattle; it is about human relationships. Effective leaders build a culture of teamwork and a safe space by practicing active listening, showing empathy, and respecting each other's feelings. When family members reject each other's ideas, it breeds disrespect. As a leader, it is your job to stop that disrespect.

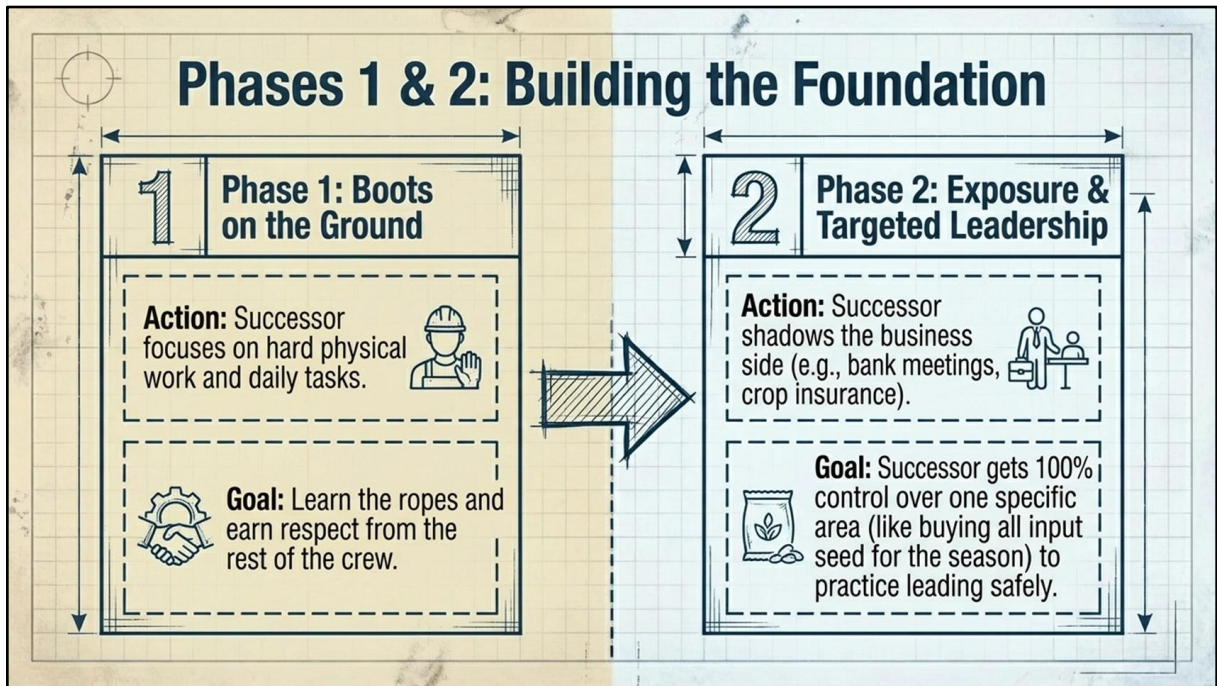


Because these leadership skills are hard-won, they cannot be handed over in one day. Transition is a journey.

On this slide, you can see the Four Phases of Leadership Transition. Notice the two wedges at the top, the senior generation starts with all the control. At the bottom, the next generation starts with very little control.

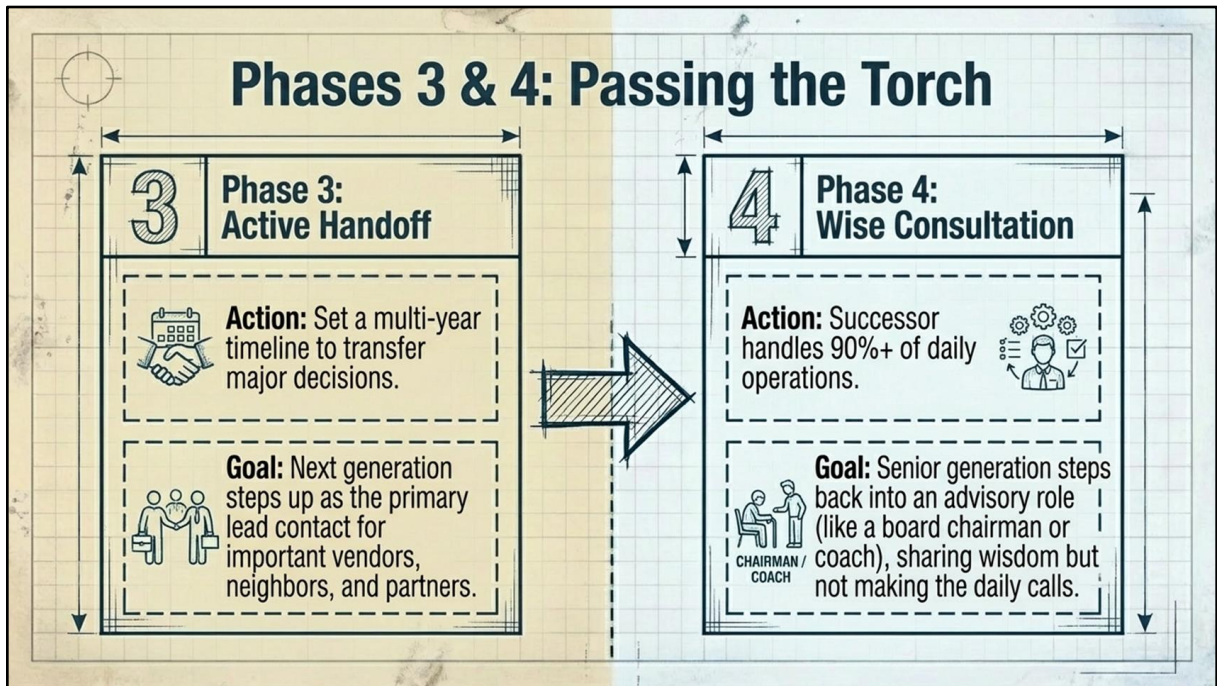
Over time, as we move through the four phases, the senior generations control gradually shrinks, while the next generations control grows.

A developing leader must go through these steps to grow into someone who can be trusted with authority. Let's break down exactly what happens in each of these four phases.



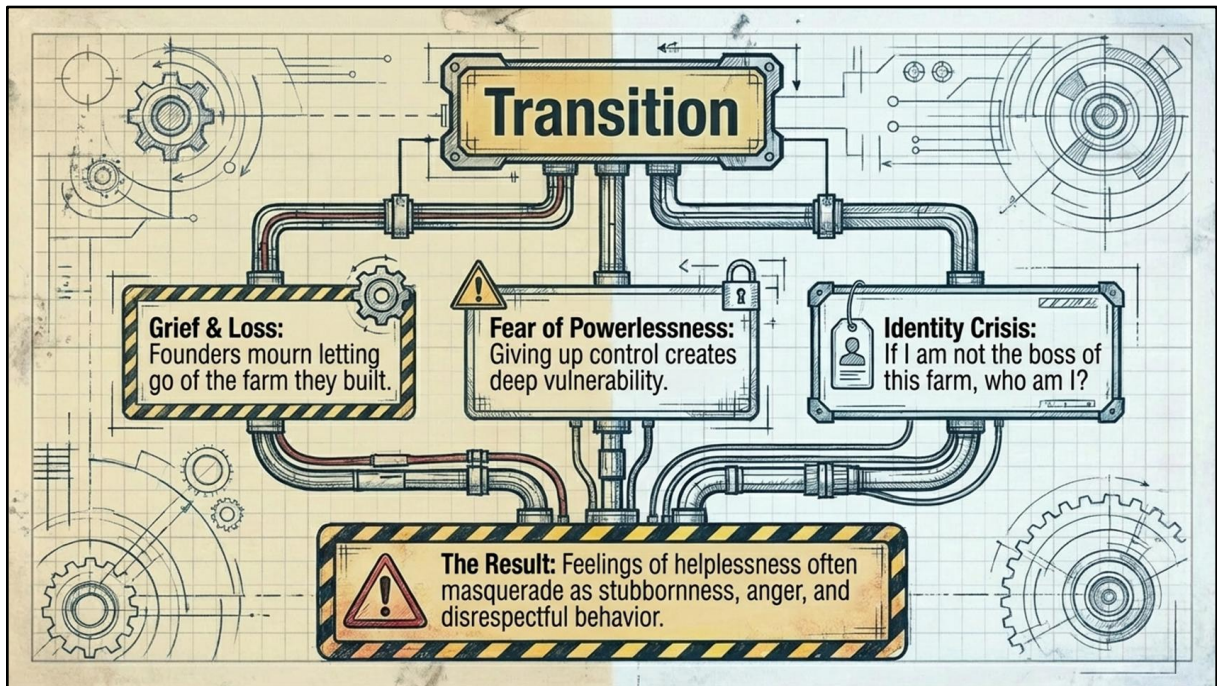
Phase 1 is called Boots on the Ground. In this stage, the successor is doing the hard, physical work and daily tasks. The main goal here is not to be the boss; it is to learn the ropes, gain credibility, and earn respect from the rest of the crew by working as a peer.

Phase 2 is Exposure and Targeted Leadership. Now, the incoming leader steps out of the tractor and shadows the business side of the farm. They might go to the annual bank meeting or sit in on crop insurance decisions. More importantly, they are given 100 percent management control over one specific area—like buying all the seed inputs for a single season. This allows them to practice leading at a manageable speed, making safe mistakes while the senior generation mentors them.



Phase 3 is the Active Hand-off. At this point, the family sets a multi-year timeline to transfer the major decisions. The next generation becomes the primary lead contact for important vendors, neighbors, and business partners. The senior generation must be intentional here; when a salesman calls, they must defer the question to the new leader.

Finally, we reach Phase 4: Wise Consultation. The successor now handles 90 percent or more of the daily operations. The senior generation steps back. They move into an advisory role, acting like a board chairman or a coach. They offer their hard-earned wisdom during meetings, but they let the next generation make the daily calls.

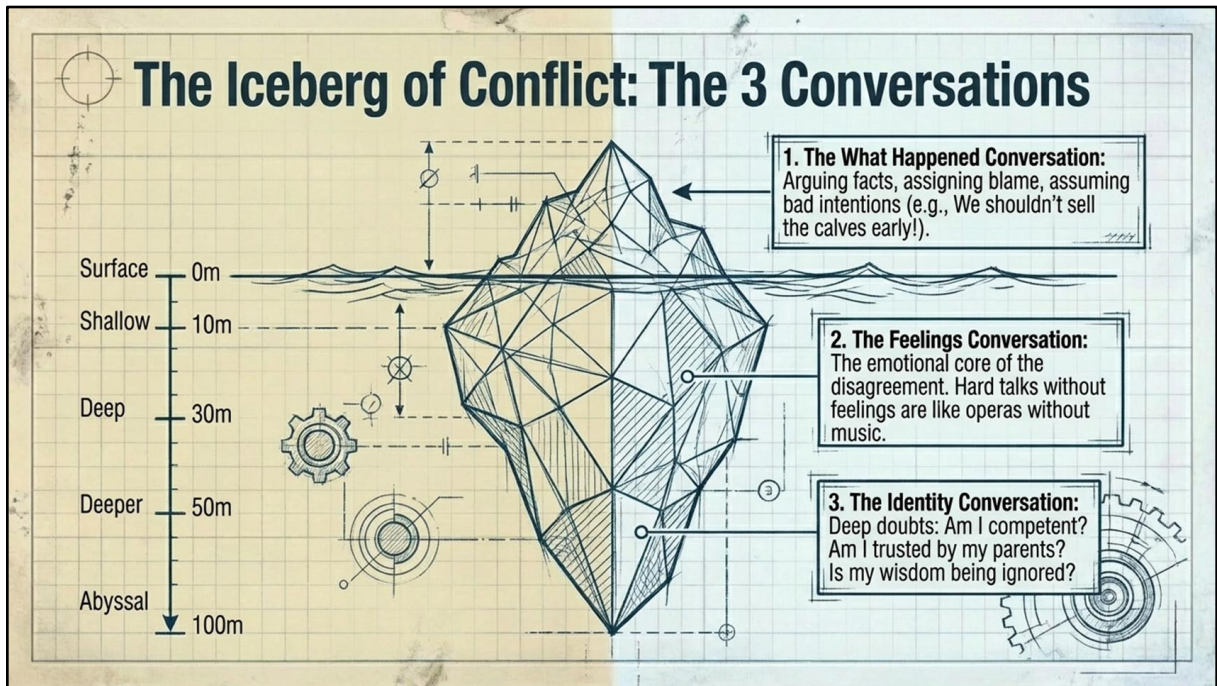


Now, looking at those four phases makes it seem easy. But managing the human element of this transition is often very scary.

Seeing someone else own and control the farm you built causes deep emotional reactions. The founders often experience a grieving process because they are mourning the loss of their control.

Giving up power creates a fear of powerlessness and vulnerability. It can even cause an identity crisis. The older generation might ask, If I am not the boss of this farm, who am I?

Times of change increase feelings of frustration and helplessness. Sadly, the result is that these deep fears often masquerade as stubbornness, anger, and disrespectful behavior toward the younger generation. That is the root cause of the conflict we often see in the shop or the field.



When that conflict happens, I want you to picture an iceberg. Every difficult conversation is actually three conversations happening at once.

Above the water is The What Happened Conversation. This is where we argue facts, assign blame, and assume the other person has bad intentions. For example, arguing over whether we should sell the calves early.

But just below the surface is The Feelings Conversation. Feelings are the emotional core of the disagreement. Trying to have a difficult conversation without talking about feelings is like trying to have an opera without music.

Deep down at the bottom of the iceberg is The Identity Conversation. This is where conflict shakes our confidence. It brings up deep doubts: Am I competent? Am I a good person? Does the next generation trust me? Is my hard-earned wisdom being ignored?

If you only argue about the calves, you will never solve the deep doubts at the bottom of the iceberg.

Tools for Better Talk

	<p>Find the Third Story Don't argue over who is right. Combine your view and their view to find the reality.</p>		<p>Use I Statements Say I feel frustrated when... instead of attacking with You always...</p>
	<p>Set Boundaries Create intentional limits (e.g., no talking about farm finances at the Sunday dinner table) to protect well-being.</p>		<p>Say I'm Sorry Give family the benefit of the doubt. Forgiveness is the glue of a legacy.</p>

To handle this messy human element, we need better tools for talking. Here are four practices you can start using today.

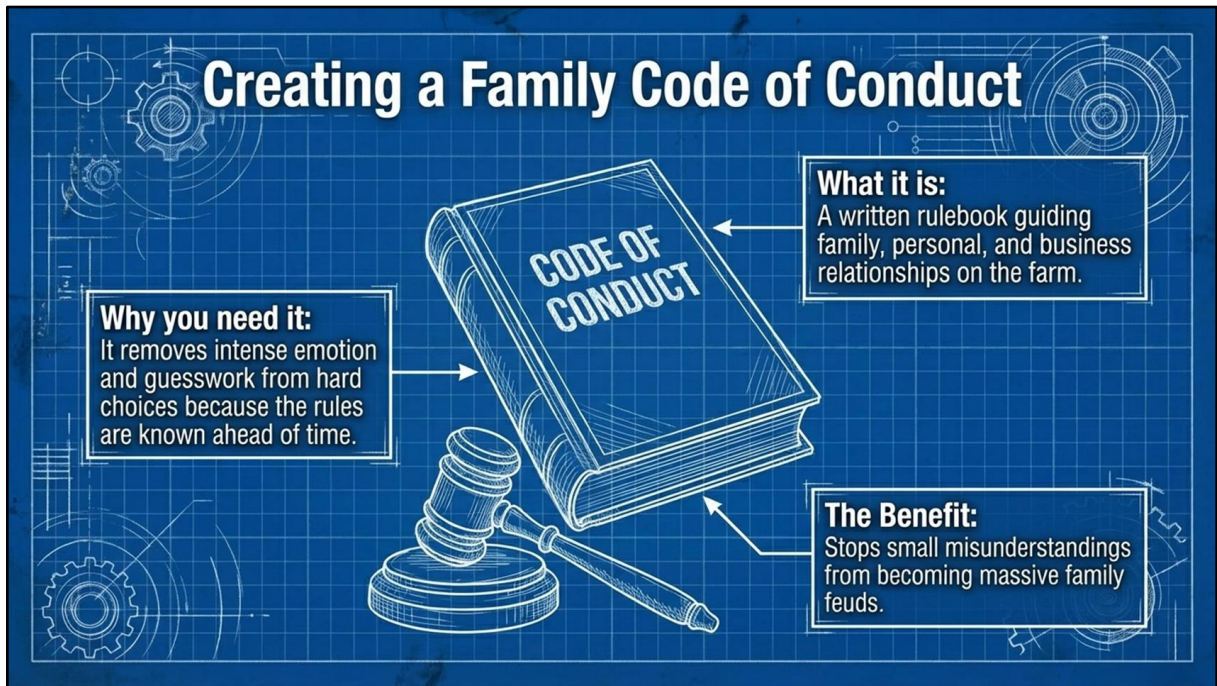
First, find the Third Story. Shift to a learning stance. Do not argue over your view versus their view. Combine both stories to find the reality of what actually happened.

Second, use I Statements. Say things like, I feel frustrated when. instead of attacking the other person by saying, "You always do this."

Third, set boundaries. Boundaries are not walls that push people away; they are intentional limits that protect your well-being. For example, make a rule that you will not discuss farm finances at the Sunday dinner table. Keep work and family time separate.

Fourth, say "I'm sorry." Give your family members the benefit of the doubt to rebuild trust.

As the Ag Legacy modules teach us, forgiveness is the glue of a legacy.



One of the absolute best ways to stop conflict before it starts is by creating a Family Business Code of Conduct.

Think of this as a written rulebook. It guides exactly how family members will interact in their personal, family, and business relationships.

Why do you need it? Because when everyone knows the rules ahead of time, it removes the intense emotion and guesswork out of making difficult decisions.

The main benefit of a Code of Conduct is that it stops small misunderstandings from turning into massive family feuds. It ensures everyone is on the same page and is treated fairly.

The Four Pillars of the Code

1

Employment Criteria:

Spell out exactly what education or outside experience a family member needs before they are allowed to join the farm.

2

Compensation & Time Off:

Define how family is paid compared to non-family workers. Set clear rules for vacation, sick leave, and profit sharing.

3

Conflict Resolution:

Write down an agreed-upon process for handling disagreements safely before they impact the business.

4

Exit Strategies & Loans:

Establish rules for how a family member can leave the business (selling shares) and whether family can take out company loans.

To build a strong Code of Conduct, your family needs to work together to put four key pillars in writing.

Pillar 1 is Employment Criteria. Spell out exactly who is allowed to work on the farm and what education or outside experience they need before they can join the business.

Pillar 2 is Compensation and Time Off. Decide how family members will be paid compared to non-family workers. Set clear rules for vacation, sick leave, and how year-end profits are distributed.

Pillar 3 is Conflict Resolution. All families disagree. Write down an agreed-upon process for how you will manage arguments safely before they negatively impact the farm.

Pillar 4 is Exit Strategies and Loans. Outline what happens if a family member wants to leave the business and sell their shares. Also, establish strict rules about whether family members are allowed to take loans from the company.



A strong Ag Legacy does two things:

- 1. Names who owns the business**
- 2. Names who runs the business**

Start sharing power today. Turn good intentions into family actions.

We have covered a lot of ground today. I want to leave you with this final thought. A strong Ag Legacy does two things incredibly well:

It names who OWNS the business, and

it names who RUNS the business.

Leaving the future of your leadership to chance puts your farm and your family relationships at terrible risk. Do not let the fear of giving up control hold you back. Start sharing power today.

By taking the first step now, using better communication tools, and building a Code of Conduct, you can turn your good intentions into real family actions. This is how you ensure that your agricultural legacy lasts for generations.



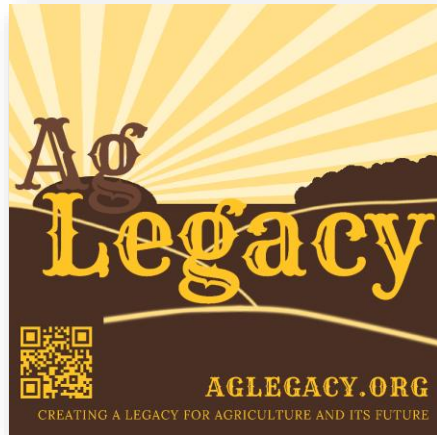
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If you have found this presentation helpful, we also recommend that you check out the newsletter on the same topic. You can find it on our website at AGLEGACY.org.

And while you are there, be sure to check out our other materials including modules, newsletters, and additional materials to help you in creating your own Ag Legacy.

THANK YOU!



Thank you for tuning in!