

How are you Communicating with the Next Generation?

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Lack of effective communication among family members is the root cause of most family business failures. Effective communication between parents and their adult children is essential to a mutually satisfying transfer of a legacy from one generation to the next. A legacy is the summation of a lifetime of achievement, the context in which that lifetime will be remembered, including: reputation, accomplishments, and a persons' impact on the world. Good communication skills are essential to establishing the mechanisms for transferring that legacy to the next generation. Furthermore, good communication skills can be learned. Communication between people include both verbal and non-verbal aspects. Facial expression, posture, orientation and voice tone all add richness to the message being sent.

Communication

The foundations for solid communication skills include: questioning, listening, explaining, and reflecting.

Questioning: Asking questions is how we get information, but different kinds of questions yield different results. For example:

- Closed questions elicit yes/no answers and are status oriented
- Open questions elicit longer responses and seek input/information
- Personal questions have a special role in leadership (i.e., appropriate ones can create a sense of camaraderie between employees at all levels)

Listening: Active listening seeks to hear what the other person is saying and understand what they are feeling. The understanding of where another person is coming from – what his or her wants and needs are – is called empathy. Empathy is a state of harmony that exists between two people. It is a positive state that encourages better communication and better outcomes.

Explaining: Some conversations require a lot more time, effort and involvement than others. If you want to have a conversation that will require a significant amount of effort from another person, it will go better if that person understands what he or she is getting into and consents to participate.

Reflecting: Reflecting is the key skill of a master listener. In a reflective response, the listener restates the feelings and/or content of what the speaker has communicated and does so in a way that demonstrates understanding and acceptance.

Barriers to good communication can be split into two main groups: physical and emotional. Physical barriers can be more easily identified and allowances made when dealing with a speech impediment, deafness, or impaired mental capacity. Emotional barriers might be less obvious. These hurdles include things like perceptions, prejudices, or fear and threats. Clearly these will take more time and effort to overcome. Listening is the main skill to use when challenging obstacles to communication.



Conflicts

All family businesses experience interpersonal conflicts. It is not a matter of if, but a matter of when. It has been said that you run the risk of interpersonal conflict anytime you put two or more people together for more than ten minutes. Here are some basic approaches to try in resolving conflicts.

Work it out: Encourage the family members to work out their own conflict and reward them for solving their own problems. Encourage family members to attack the problem, not the person.

Mediation: Mediation is where the two parties involved in the conflict meet with an objective third party who recommends a solution. The important thing about mediation is it is not binding. The mediator suggests a solution, but it is up to the individuals involved to implement it. This is a half-step between solving it yourself and the third tier which is arbitration.

Arbitration: Arbitration is a binding solution that is imposed by someone else. In a family team setting, arbitration could be done by any other team/family member, as long as all parties agree that they will live by whatever solution the arbitrator imposes.

Separation: When all other attempts to resolve the conflict fail, as a last resort one or more family members may be forced to agree not work together in the business. It is important to maintain respect for each other as family members if this happens.



Resolving Conflict

Conflict is a natural part of life brought on by different beliefs, experiences, and values. If not managed carefully, however, conflict can harm relationships. Here are seven steps adults can use to resolve conflicts:

1. **Treat the other person with respect:** Although respecting the other person during a conflict is challenging, we must try. Words of disrespect block communication and may create wounds that never heal. Use your willpower to treat the other person as a person of worth and as an equal.
2. **Confront the problem:** Find a time and place to discuss the conflict with the other person. Choose a time when you aren't arguing or angry. The place should be comfortable for both of you -- away from either party's "turf."
3. **Define the conflict:** Describe the conflict in clear, concrete terms. Be specific when answering who, what, when, where, and why questions. Describe behaviors, feelings, consequences, and desired changes. Be specific and start sentences with "I," not "you." Focus on behaviors or problems, not people. Define the conflict as a problem for both of you to solve together, not a battle to be won.
4. **Communicate understanding:** Listen to really understand the other person's feelings, needs, and so forth. Seek first to understand, then to be understood. Step back and try to imagine how the other person sees things. Explain how you see the problem after you have talked about it. Discuss any changes you have made in the way you see things or how you feel.
5. **Explore alternative solutions:** Take turns offering alternative solutions. List them all. Be non-judgmental of other's ideas. Examine consequences of each solution. Think and talk positively.
6. **Agree on the most workable solution:** Agree to a solution you both understand and can live with. Work to find a "win-win" solution. Be committed to resolving the conflict.
7. **Evaluate after time:** Work out a way to check on how well the solution is working. Adjust as necessary.



Forgiveness

Where conflicts are not resolved to a persons' satisfaction, that person has at least two choices. One choice is to hold it against the others involved, embitter themselves, and remain in that conflict. Another choice is forgiveness. Forgiveness dares you to imagine a future based on the possibility that your hurt will not be the final word on the matter. It challenges you to give up your destructive thoughts and to believe in the possibility of a better future. It does not mean you will forget what happened

or that the person is not responsible for what he/she did or that you need to bring him/her back into your life.

Telling the other individual that you forgive them is not required to begin the process to heal the hurt. It has little or nothing to do with another person, because forgiveness is an internal matter. To forgive another simply means you no longer allow the person's actions or words to cause you resentment, anger, or pain.

One of the greatest misconceptions about forgiveness is the belief that forgiving the offense means that you condone it. That is not true. In fact, we can only forgive what we know to be wrong. Forgiveness does not mean that you must reconcile with someone who treated you badly. The unkind and selfish people in your life would retain power over you indefinitely if their poor behavior was the thing that determined whether or not you can heal. Forgiveness is the experience of finding peace inside and can neither be compelled nor stopped by another.

Family Communication

Family council meetings, family business meetings, and a family code of conduct are all channels through which family members can communicate effectively. These channels will not prevent conflict on their own. However, where family members are regularly communicating via open, transparent, and expected mechanisms any conflicts that do arise are likely to be less frequent and of lower intensity.

It should be noted that there may be many benefits to using an outside expert to facilitate family meetings or at least to get them started. Engaging the services of an expert who works with family businesses, understands the significance of family dynamics and is willing to deal with family issues could be one of the best investments you make.

Family council meetings could be used to provide a communication forum to keep the broader family informed of what is going on in the family business, as well as the current and anticipated role of the family members in it. These meetings are typically comprised of the broader family, including spouses, in-laws, children, grandparents and grandchildren whether active or non-active in the family business.



The purpose of family business meetings is to provide the active family members with a dedicated communication forum to discuss family issues that impact the management and ownership of the business. The agenda of the meeting can be primarily business issues or primarily family issues or both. The meetings help family members who are working in the business to deal with the interaction between family and the business. Family business meetings are not intended to replace regular business/management meetings. Family business meetings are dedicated meetings for family members who are working together in the business to deal with the interaction between the family and business.

Establishing a family business code of conduct could be one of the most important pieces of work achieved by a family business. The code of conduct is a list of items that are of significance to the family members involved in the business.

A good starting point is writing the **family/business history** so everyone is aware of how the family and the business has gotten to where it is today. This exercise would also be an excellent assignment for the family council. Much of a family business' operational activities are governed by the **values of the current owners**. These need to be articulated to the degree possible and shared with all active family members. These values may include such things as work ethic, gender



roles, preferred providers of services, and perspectives on family time.

Employment criteria spells out who can work on the farm and what are the requirements or criteria for employment. It is also important to have agreed on policies for what qualifies a family member to enter into the family business. All families experience disagreements and conflicts. It is important to agree on how to manage disagreements, perhaps even setting it down in writing within a **conflict resolution** section.

What is the family business policy with respect to compensations for family members? A section covering **compensation rates**, how pay will be handled for family members, non-family members, and others should be included. **Future ownership** should also be covered, including who can own, how will it be determined, and when will it occur?

The code of conduct should include a section discussing **exit strategies** for family members that want to leave the ownership ranks of the business. The code of conduct is also a good place to cover policies regarding providing **loans to family members**. For example, what are the expected terms and conditions for any loans? Should active family members view this as a part of their compensation?



Family Business Success

Successful family businesses are based on strong sense of team among active family members. Engaged teamwork leads to greater productivity and creativity, increased family self-esteem and ultimately to the success of the family, the business, and everyone involved. Some common components to strong teams include:

Commitment: All team members must be committed to the mission and goals of the business and to each other. Allowing all active family members to participate in the decision-making process is a good way to ensure commitment.

Cooperation: Cooperation is based on a shared sense of purpose and mutual gain. To get cooperation from family members, management must be willing to reward their cooperation. Decision makers must be willing to link pay increases and recognition to team performance and productivity.

Contribution: Contribution should never be an option. All team members must contribute toward the mission and goals of the business. You cannot sacrifice the good of the family team for the good of an individual. There are at least two negative consequences to allowing non-contributing family members to continue. First, it demoralizes family members that are contributing or performing. Also, the cost of the non-performing family member is a financial burden to the business.

Tune into our live webinar for more information on mentoring the next generation. An online component will explore this concept further following the webinar presentation, using an anonymous and interactive experience. For more on upcoming presentations and for information about Ag Legacy see AgLegacy.org. Requests for additional information may be emailed to Information@AgLegacy.org.



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