

What is the role of power in your Ag Legacy?

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The chair creaked and the loose floorboard groaned on the porch as he rocked; that board he had always meant to replace. Now it was strangely comforting to hear something familiar. Inside, Reese's emotions and thoughts were in a turmoil.

He'd worked hard for more than 50 years. Pouring his sweat, blood, and tears into this farm. Building it up, almost from scratch. At times it felt like it took everything he had and there were times when it had taken all that he'd had to give. Other times he'd thought he was he was going to lose it all. But they had made it work; even pulled it through last season, though several others in the area had gone under.

Lately, Wendy had been talking about turning over the reins to their son to take over management. Last night, that hadn't gone so well. Thinking back this morning, he felt bad for blowing up at her like he had. He just didn't understand why she couldn't appreciate his feelings for this place. How could anyone else understand how he felt? Working to get crops planted in the stone hard ground, then praying for rain, or the long nights trying to get the harvest in before a storm hit.

Is his son willing to give his all to the farm? How can Reese give up control? What would he do with his time if he did turn it over to someone? What if his son can't keep up?



Power in the family

What role does power serve in a family? How does the distribution of power in the family affect relationships? Traditionally, power has been based on a patriarchal organization of the family. The father works, earns the money, and is the final decision maker in the family. The mother stays home with the children and takes care of the domestic responsibilities. Today, these roles are being challenged and often shift as roles are switched or blended, depending on a family's circumstances. This makes family structure much more fluid than in the past. Power in family relationships often shifts along with these changing roles.

Another perspective on power might come to mind as you consider what happens during a disagreement. For example, if you give in to the other person during an argument are you admitting that they are right, thereby awarding them power in the relationship? Sarayu Chandrashekar, Marriage and Family Therapist, defines family power as: the ability of one individual to change the behavior of the other family members. This power is generally used when one member of a family wants others to do something he/she wants them to.

Is everyone happy with the roles that they have? Is there hidden resentment? For example, an older child might resent that they have to take on parental roles in helping take care of younger siblings, and younger siblings may resent older siblings bossing them around. Resentment can also occur between spouses, as a change in roles may be unwanted.

Role of power in your Ag Legacy

Clearly, power can have a profound effect on family relationships and family dynamics. Where families and family owned-businesses are intrinsically tied in family farms/ranches, power plays a large role in the dynamics of the family business.

The Search Institute outlines the concept of power sharing as: power sharing is the way we influence, learn from, and work with each other in our family relationships. Sharing power with kids helps prepare them to be responsible adults. Families grow stronger when they become intentional in how they share power and influence each other (Search Institute, 2019). The same concepts that help families empower their children to be more independent and confident in making decisions, can also apply to families looking for ways to prepare the next generation to take over leadership roles in the family operation. In their research they identified four strategies that can help a family better share power.

- **Respect me:** Take family members seriously and treat each other fairly.
- **Include me:** Involve all family members in decision making that affects the family and the family business.
- **Collaborate:** Work together to solve problems and reach goals.



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“Regardless of our intent, succession to the next generation is not a given. They have many choices outside the family enterprise, and if they choose to succeed us, they will have to be as interested and passionate about the business as the four generations that have preceded them. More than ever, however, we must make sure that we let our successors write their own generational chapter if we want the family business legacy to survive.”

George Vestey CEO,
Vestey Holdings, United Kingdom,
(STEP and KPMG, 2020)

- **Let me lead:** Create opportunities for the next generation to take the lead on projects and take action. Learning in a controlled environment where mentoring can happen.

Respect, inclusion, collaboration, and mentorship can all help a family come together under a unified vision, while allowing opportunities for new ideas and including the next generation. How does this relate to the family business?

Keys to the longevity of the family business

A study completed in 2022 by the Family Owned Business Institute looked at factors that lead to family-owned business longevity and growth.

They surveyed nearly 2,500 family business owners and managers in 70 countries and territories. The following formula was identified as a source of success:

Strong Entrepreneurial Capabilities

+ The family's positive influence

**= Strong Business, Social,
and Family Performance**

Through discussions with family business owners and managers, they also identified five practices that contributed to these family's success and longevity:

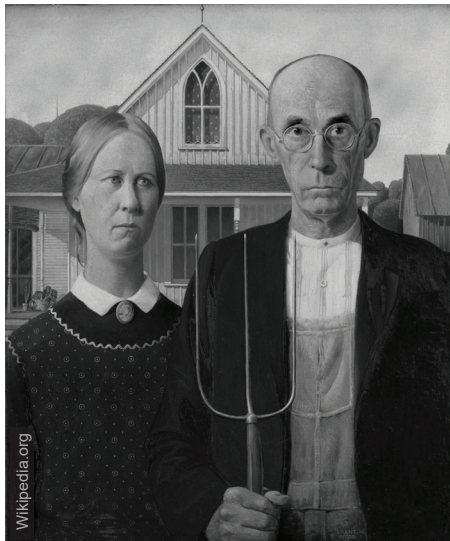
- Keep the founder's entrepreneurial spirit alive
- Embrace a motivational style of leadership
- Encourage the next generation to be proactive, innovative, and calculated risk-takers
- Reinforce the emotional value of owning and managing the family business beyond financial wealth
- Make business and family success equal priorities

Family business owners and managers further identified the most important factor in the longevity of successful family businesses: choosing the right successor to take over at the right time (STEP and KPMG, 2020). It is possible that choosing the correct successor will be a family business leaders' most important legacy, and can be a point of personal pride. Family business leaders in the study stressed that the decision must be built upon a historical foundation, deeply rooted family values, and a passion for what the business does, what it stands for, and what impact it has on people and society (STEP and KPMG, 2020).

Sharing power

It is interesting to note that factors most important to the longevity of the family business also relate to sharing power. As mentioned earlier, power can equate to influence. In this case, influence on the family business. Is it possible to share power or influence over a business? The keys to success outlined above suggest that it is imperative.

Most business owners did not simply wake up one day and take over management of the family business. Rather, the founding generation built the business over time, learning and growing their management skills along with it. Transitioning the next generation into a management role in the operation doesn't need to happen all at once either. Mentoring members of the incoming generation by allowing them opportunities to grow into roles and responsibilities that control a measure of power can help, not only smooth the transition of management to the next generation, but also provide for the transfer of values and life lessons that have helped the founding generation find success.



Why is this important?

Research has shown time and again that family-owned businesses are very important to the U.S. workforce and economy. A study completed in 2021 found that the number of family-owned businesses had increased in the U.S., by over 10 million businesses from 2003. And, while total contribution to the Gross Domestic Product (GDP) dropped from 64 percent to 54 percent the totals are still striking. Nearly 60 percent of employment, 54 percent of GDP, and over 32 million businesses are all in the domain of family-owned businesses (Van Der Vliet, 2021).

What does that mean for the struggling family business owner? First, you are not alone. Second, as Benjamin Franklin said, "If you fail to plan, you plan to fail." When asked, most rural families acknowledge that they plan to pass their business on to the next generation. However, only 1/3 of all family



businesses successfully transition management to the next generation, 70 percent do not survive to the second, and 90 percent do not survive to the third generation.

Despite the findings noted above, the Family Business Institute found that only 48 percent of family business owners and managers had a plan in place to transition the business to the next generation. Don't let fear of giving up power be what holds you back from developing the most important plan of all. Start sharing power today with the goal of passing on values and life lessons, while preserving family relationships and the family business for the future.

Resources

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