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Integrating Economics, Management, and Human Relationship Issues into Training for Successful Farm Family Businesses

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Integrating Economics, Management, and Human Relationship Issues into Training for Successful Farm Family Businesses

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Abstract: Farm family businesses are not immune to troublesome family dynamics as they make decisions around production, management, and marketing issues. A project funded by the USDA Risk Management Agency in Kansas has pulled together an interdisciplinary team to holistically address farm family business challenges in both conventional and specialty operations. Farmer-to-farmer mentoring, farm family individualized coaching sessions, farm family and agricultural advisor training, and a Web presence are the project delivery options. The project team shares the lessons they have learned after 4 years of program implementation.

Background

Ranchers and farmers often identify the management of human relationships as the weakest link in their agricultural operations (Fetsch, 1999). Not surprising, since family businesses in general have the following characteristics.

1. Communication is more complicated among family members when ownership and management considerations overlap with family dynamics.

2. There is a complicated web of relationships (e.g. employees, financial advisors, suppliers, markets, etc.) that surrounds and influences the family.
3. Families in business make more frequent decisions with greater consequences than families not involved in business together (Aspen Family Business Group, n.d.).

Therefore, challenges in family-based businesses are:

- The separation of authority from ownership and management.
- Issues of unfairness in the successor generation.
- Absence of a shared sense of purpose.
- Communication problems.
- Lack of formal structures and processes that manage decision-making.
- Neglect of individual, family and organizational development (Aspen Family Business Group, n.d.).

Rising to the Challenge

Helping Farm Families Succeed in Business is a project developed in Kansas to assist multigenerational farm families to address these challenges. The project provides a menu of research-based educational tools to help farm families in their business decisions and interpersonal interactions. They are initially offered to farm families and agricultural professionals working with farm families through full day workshops.

Specifically, the educational events and associated tools begin in the subject area of strategic thinking, to help farm families develop a unified vision and/or mission, and associated objectives and goals. Next, family communication is addressed, focusing on patterns of interactions that maintain or harm familial relationships over time. The third subject area involves assessing the economic realities of profitability and feasibility, and business organizational issues such as decision-making structure and legal entity structure that must be in place for long-term business success. Finally, the topic of conflict resolution is addressed, with training and information to assist farm families in successfully negotiating those inevitable periods of interpersonal conflict.

The educational products are relevant not only for traditional farm families, but also to those involved in specialty crops, value-added products, farmers markets, etc. In addition to workshops, the delivery strategy includes individual farmer-to-farmer mentoring, farm family coaching, and electronic delivery of tools and written project materials.

The project had four years of funding through the USDA Risk Management Agency (RMA). Project partners with RMA were: the Agricultural Economics and Family and Consumer Sciences units at Kansas State

University (KSU); the Kansas Rural Family Helpline, a non-profit, service program located at KSU dedicated to meeting the special needs of rural families in Kansas; and The Kansas Rural Center, Inc., a non-profit organization that promotes the health of the land and its people through research, education, and advocacy. Numerous rural organizations, agencies, and other projects help recruit audiences and share the project's resources.

Lessons Learned

1. It is very effective and rewarding to work across non-traditional disciplinary lines, and farm families appreciate it as evidenced by their participation and feedback. The project's agricultural economist states, "Contrary to what we are told in graduate school, economics does not provide a solution to every management problem." The project's family therapist states, "Contrary to what we are told in graduate school, family therapy does not provide a solution to every family problem."
2. Agriculture advisors are often ill prepared, fail to recognize, or avoid primary opportunities for dealing with family dynamics during critical farm business discussions. Additionally, advisors often approach women about interpersonal issues but fail to carry it back to the entire family team and connect the women back into management decisions. In a 1-year follow-up with a small sampling (n=8) of agricultural advisors who attended the training, 62% indicated that they "could now facilitate an effective farm business meeting and family retreat" and "constructively intervene in a farm family conflict."
3. It is difficult for one family member to take this knowledge back to the business as a change agent. As one project team member said, "The uniqueness and challenges of each individual family operation often require a carefully structured process which involves the full participation of all family members to reap the benefit of information gained through our project resources." Individual family operation mentoring and coaching are important parts of the project for incorporating knowledge into new practices and behavioral changes. The team also found that a desire for transition planning raises personal awareness and willingness to discuss values, mission, vision, and goals of the family farm.
4. Farm families that are beginning to explore in-depth agricultural innovations are most likely to learn from other producers (Freyenberger, Bloomquist, Norman, Regher, & Schurle, 1994). A key to the effectiveness of the mentoring facilitation provided by the project is for the mentee to be primed to learn and assertive in asking questions of the mentor and have sufficient confidence in the practical information they receive to empower them to take it back to their farm.
5. Many strategies suggested by this project require little financial expense, but a mental paradigm change. Farm families have to learn new habits and practices through repetition, whether it is management issues or ways to improve family communication. In a 1-year follow-up to measure program impact among farm family workshop attendees (n=15), 85% indicated "This workshop provided me with management information that will help our family more successfully manage a farm business."

6. Farm family members increasingly have off-farm employment, shrinking the amount of time for face-to-face meetings. Therefore, this project incorporates information into electronic newsletters, Web sites, and teleconference education. The project's Web site is at:
<<http://www.helpingfarmfamilies.info>>.

Conclusion

Following the initial awareness of the project through local meetings and media coverage, additional requests have been generated for more programming and farm family coaching on management, strategic business planning, and family dynamics. The project team regards these requests as validation of addressing needs among farm families to help them successfully manage their family-based businesses.

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