The Dispatch

Family Business Insight for your Agriculture Company March 2025: Effective Communication

Welcome to the third issue of our reimagined newsletter, featuring in-depth articles by individual authors. This month, Emma offers her expertise on how to navigate difficult conversations, a vital skill for maintaining harmony and fostering growth within any family business. Additionally, Bill explores the challenging conversations sparked by the prodigal son's return. His piece will provide a fresh perspective on entering difficult discussions that normally leave us with regret.

Whether in the fields or the boardroom, we hope our newsletter serves as a trusted resource for guidance and inspiration. Here's to thriving together.

Difficult Family Conversations

Emma Swainston

Honest, effective communication across generations is critical for the success of any family business. Yet, bridging the communication gap between generations remains a real challenge. A recent <u>study</u> conducted by The Smith Family Business Initiative at Cornell University revealed that over half of the younger generation find it difficult to engage in meaningful conversations with older family members. Several factors for this discomfort include the fear of conflict with close family members, differences in generational values or perspectives, and fear they are not prepared for more responsibility in the business. This often results in unresolved issues that not only strain family relationships but also jeopardize business operations.

While discussions about the weather or weekend plans flow easily at family gatherings, more substantive topics like governance and estate planning are often avoided in the business. A staggering number of families admit discomfort in addressing the harsh realities of running a business together. This silence leaves everyone in the dark about crucial business planning and fosters uncertainty about the future.

What separates successful family business from those that flounder? The answer lies in the clarity of rules. When everyone understands the 'rules of the game,' it fosters intentionality and accountability, benefiting not only family members but also employees, customers, and the community. Discussing these rules openly demystifies them, making the process less personal and more about collective success.

Many tend to overestimate the potential downside of having a tough conversation about important matters in a family business. It's a mix of two worlds that hold a lot of emotions, and long-term close relationships. It's not always easy to ask the managing generation who will lead the farm next, or how

ownership will be transferred to multiple family members in the next generation. But those questions need to be asked (and discussed). I often tell my clients that if you don't have those conversations, you will eventually run out of patience and leave the farm.

The dynamics of who initiates these conversations often reflect the power structures and roles within the family. This role might naturally fall to senior family members or those in key leadership positions. However, encouraging a culture where any concerned family member can request a meeting helps equalize the process and encourage transparency and equality.

So, how do we have a difficult conversation?

1. Before the conversation: Prepare by notifying all involved parties well in advance, ensuring that everyone necessary is included. Choose a neutral setting free from distractions to foster open, honest dialogue. What happens if they say no? Simply put, keep trying. If initial attempts to discuss critical issues are met with resistance, don't be discouraged. Allow time for reflection and revisit the conversation later, maintaining a respectful and persistent approach.

2. During the conversation: Begin by outlining the conversation's purpose and establish a cooperative, rather than adversarial tone. Encourage honesty and openness to build trust while focusing on understanding the perspective of others without immediate rebuttals. Focus on areas of agreement that can help in reaching compromises. As the conversation ends, make sure to conclude with a consensus on the next steps.

3. After the conversation: Document the agreed actions, assign responsibilities, and set timelines. Persistence is key - follow up on progress regularly to maintain momentum.

Regularly scheduled meetings can keep communication channels open. These discussions aren't about proving who is right but about determining what is best for the business. They are grounded in respect, which is vital - every breakdown in a family business can often be traced back to a lack of communication and respect.

As I work with various farm families, I often witness challenges they face during difficult conversations. One operation, in particular, struggles with family discussions frequently turning into debates. After learning a more structured approach to communicating, especially between different generations, they have been able to articulate their concerns and desires without fear of negative reactions from others.

Delaying difficult conversations can threaten the cohesion and future success of family farms. Remember, clarity is a form of kindness. Engaging in these tough but necessary conversations with respect and a clear agenda sets the stage for a thriving family business that spans generations.

A Most Difficult (but Disarming) Biblical Conversation

Bill Long

One of the most difficult family conversations in the Bible is in the final verses of the parable of the Prodigal Son (Luke 15:11-32). You recall the story: the younger son (the Prodigal) demanded his share of the inheritance while dad was still alive, got it, and went to a far country where he squandered it. He then attempted to come back home and apologize to his apparently indulgent dad so that he could be reinstated at the farm. The older brother, who dutifully toiled away at home while the younger brother was living wildly, was livid. He confronted dear old dad with the question of how dad could welcome the wastrel son back, no less with a celebration, after he had dishonored the family name as well as the father and older brother.

Facing this potentially ugly confrontation with the faithful older brother, the dad said thirteen words, words that in my mind so altered the temperature of the encounter that reconciliation, which never was explicitly spelled out in the story, was made possible. Rather than defending the younger son's behavior or upbraiding the older son for intolerance or even recognizing the virtue of the older brother's point, the father just said these words to the older brother:

"Son, you are always with me, and all that I have is yours," Luke 15:31.

That, I believe, is the key to breaking the logjam—not berating either brother but telling the elder one how rich he already is. Everything that the dad owns belongs to the faithful, but complaining, elder son. If we perhaps went into difficult conversations recognizing how rich we already were, then chances for disappointment will be lessened.