

7 Ways To Sink Your Family Beef Operation

From his 32 years of counseling farm and ranch families, the University of Nebraska's Ron Hanson shares the most common mistakes that lead to failure.

by *Kindra Gordon*

When multiple generations of a family work together in business — be it a farm, ranch or feedlot — there will be moments when things are not “swell,” says Ron Hanson, a University of Nebraska ag economics professor.

During his career as a university professor, Hanson has spent his own personal time the past 32 years working to help farm and ranch families successfully pass their business from one generation to the next. Having grown up on an Illinois family farm himself, Hanson understands the stressful situations and difficulties that multigenerational family operations may encounter in this transition process.

Hanson says he's learned that it is never the disagreement itself that ruins a family. “It is how the disagreement was dealt with. It is normal for all relationships to have moments to deal with. The challenge is how to deal with those moments,” Hanson says.

From his experience working with farm and ranch families, Hanson says he can trace every family failure — those families that are no longer farming or ranching today — to seven common mistakes. Most surprisingly, these failures did not result directly from drought or financial troubles such as low beef prices, but instead were caused by the inability of family members to effectively communicate and work together in a team effort in their beef cattle operation.

Here, Hanson shares those mistakes, in hopes that other families might identify and avoid them and build a more productive, harmonious family relationship and a family business that can pass to future generations.

Mistakes to avoid

Mistake No. 1: Let a father-adult son (or daughter) relationship turn into a parent-child relationship. Hanson says if dad always wears his “boss” hat in the family business, the adult children may feel like hired help and that they are treated like a child with no say in decision-making. This can cause those adult children to lose their motivation for working in the family operation — and they may eventually leave for another career.

Hanson advises that when multiple generations are working together, decision-making should be shared and eventually transferred to the incoming generation. With that said, he says some families need to recognize that not all family members are meant to work together.

“Some dads may not be willing to share control; they don't have the dream of letting go. Some dads would like to take the farm in the casket with them,” Hanson says.

Mistake No. 2: Family members gossip about each other. Of this Hanson says, “If you can't tell that person face-to-face what you are thinking, then don't tell anyone else. Gossip leads to misunderstandings and that leads to conflict.”

Hanson says there is one simple rule about gossip, “Never do it.”

Mistake No. 3: Family members carry a personal grudge against each other.

Hanson says family members need to realize that grudges accomplish nothing in a family. They lead only to more stress and tension among family members, and they can even cause health problems.

“If you are angry with someone, get it out; tell them in a positive manner and explain your reasons why,” he advises. “Then let it go and move forward in the relationship.”

Mistake No. 4: Let arguments go beyond the boiling point and turn into family fights.

Hanson says it is not unusual for families to have their moments of disagreement, but he says these arguments need to still show respect and trust within the family relationship.

“Disagreeing is one issue, but fighting is entirely different,” Hanson says. If two people disagree they should still be able to be friends. When it turns to fighting, the friendship often ends.

Mistake No. 5: Family members and employees can't have open and honest discussions. “People in the family operation should be able to have open communication and, ‘say what they mean and mean what they say,’” Hanson says. If feelings or the real issues affecting the ranch and its team have to be covered up because of the inability to communicate, this only invites failure for a multigenerational operation, Hanson adds.

Mistake No. 6: Family members fail to set goals for both the family and the farm or ranch business. Priorities and a



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direction for the future of the farm or ranch business should be discussed among all involved, Hanson points out. Without this, he says, family members can have a hard time being on the same page, and the family may find itself going from one crisis to the next without ever moving forward.

Mistake No. 7: Family members in the operation's workforce are simply not willing to get along with each other.

"Family members need to be willing to work through things and to get along together as family," Hanson says. "If there is no team effort and they only care about their own feelings and what's in it for them, that lack of harmony quickly leads to a feeling of hostility among everyone in the family operation."

Hanson says the bottom line is that communication is the utmost important element in the success of an intergenerational family business. He concludes by saying everyone involved needs to keep their focus on the ultimate goal: passing on the family business to the next generation while still being a family.



Signs of strong families

Just as there are common mistakes that families make, University of Nebraska's Ron Hanson says he has also observed nine characteristics that help build strong family relationships. They include:

1. Adopting a team approach to a family farm or ranch business. "These families value family time together. They recognize that it is important and that they are a team — everyone is a stakeholder in the business and their contributions are recognized and important," Hanson says.

2. Effectively communicating with each other. "This includes listening to others' concerns. The feelings of others are important," Hanson says.

3. Having a sense of commitment to each other. "The family has a strong bond of loyalty and they are all proud of their family operation and what they've accomplished," Hanson explains.

4. Sharing a religious faith together as a family. "Their spiritual life is an actual part of their family life and this gives them inner strength to get through any difficult situation while holding the family together," Hanson says.

5. Knowing how to deal with a crisis within the family or the industry. "They are supportive and have gotten through difficult times together. It wasn't always easy, but the family got through it and are better because of the adversity they've faced," Hanson says.

6. Focusing on being positive. Hanson says, "Strong families are positive families. They don't become trapped by a negative outlook or attitude."

7. Appreciating each other. This means no one feels "left out" or "taken for granted" by others. These families are caring and recognize the efforts and contributions by others, according to Hanson.

8. Learning how to relax and have fun as a family. Strong families have learned how to have a sense of humor and want to get along. Their family functions are fun times that everyone looks forward to.

9. Making time to strengthen family values and reaffirm their hopes and dreams as family members working together in business. This ensures that those values are passed from one generation to the next, Hanson concludes.