



What Do Parents Owe Their Kids?

Farm family business consultant Jolene Brown shares her opinion.

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by *Kindra Gordon*, field editor

West Branch, Iowa, professional speaker and farmer Jolene Brown has a unique perspective when it comes to farm and ranch families. As a family business consultant who specializes in succession planning and an active owner of their own family farm, she has had the opportunity to sit at the kitchen table of countless farm and ranch families across the country.

While she shares lessons on how to create a family business worth transitioning from one generation to the next, she is also adamant about one thing: “Parents do not owe their kids a business.”

Rather, Brown says, “Decide *what* is needed to lead and continue the business before deciding *who* will fill that role.”

She explains that for a business to be successful, the focus cannot be on “hiring family members.” Instead, the focus must be on “hiring worthy employees.”

If a family member has the right training, experience, personality and character; brings the needed skills; and understands the finances, they may be the right fit. However, do not discount the in-laws who are active in the business. Brown says they just might be the best qualified and have the outside perspective you need.

Four things

While Brown believes acceptance in a family business is not a birthright, she does believe acceptance in a family is

unconditional. Plus, she says, parents owe their children four key things:

- ▶ **First, morals, values and an understanding of what is right and wrong.**
- ▶ **Second, an opportunity for an education.** Brown emphasizes, “I did not say parents had to completely pay for it!”
- ▶ **Third, develop and discuss plans for the transition of management, leadership and ownership.** This includes a legal estate plan and a buy-sell agreement. Brown explains, “If the assets of your estate affect the continuation of the business or those currently working in the business, you must let the ‘rules of the game’ be known. Your kids don’t have to like them, but they deserve to know them.”
- ▶ **Fourth, a listing of details beyond the will.** Brown admits these can be tough questions to prepare for, but she believes kids deserve to know things. These can include what you want done with your body upon death, where important documents are located, passwords to accounts, key advisors, etc.

Brown and her husband Keith have raised their two daughters with these factors in mind. Their daughters are now adults and unlikely to return to the family farm; thus, a list has been developed of who they might crop-share with after Jolene and Keith pass the land to the girls; and even to whom the Browns would like to eventually see their land sold.

Brown says, “We’ve told our daughters the legacy of this land is more important than the immediate transfer of a lump sum of money.”

Advice for kids

For the younger generation who is interested in returning to the family operation, Brown emphasizes that they must do their part — get an education that is relevant to the industry, gain experience through full-time employment for two or three years away from the family operation, and have a fire in their belly for the job.

Additionally, she says, be kind, courteous and respectful, and work to exceed expectations to add value to the family business. Then, Brown says, if the senior generation truly intends for the business to continue, the result will be an intentional and gradual movement through the ranks of laborer, manager, leader and next owner.

However, through this process Brown has two pieces of advice:



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1. “Hope is not a good business strategy,” and
2. “If it’s not in writing, it doesn’t exist.”

She explains that a next-generation person can’t bank his or her future on a spoken promise. She’s learned that with family, more — not less — must be in writing. She cites these three “lies” as the most commonly told:

- ▶ “Work hard and someday this will all be yours;”

- ▶ “I’m going to retire;” and
- ▶ “Don’t worry about your brothers and sisters; they have their own jobs and aren’t interested in this business.”

She tells the younger generation, “If you’ve been kind, courteous, respectful, have done your job well and exceeded expectations for six years and no transition into management or leadership of an area of the business has happened, go work somewhere else. If you stay, you just may be accepting the position of ‘lifetime employee,’

never gaining any aspect of equity or control.”

Lastly, to the senior generation, Brown says, “Be a mentor and a wise master. The No. 1 job of a leader in a legacy business is to replace yourself.”

She concludes, “Your kids do not have to start where you are today, but they can’t start where you started, either. So do the work now, honoring the family by doing the business right. If not, at the end of the day you may have neither family nor business.”

