



**Author**

Dr. Nicole Olynk, Purdue University  
David A Widmar, Purdue University

**Reviewers**

Dr. Diane Jackman, Eastern Illinois University  
Dr. Maria Marshall, Purdue University  
Gary Thome, Riverland Community College

## **Managing Farm and Family**

---

### **The Family Farm Business**

Owning and operating a farm business as a family presents unique challenges – and opportunities for rewards – to the farm, as well as the family. Two distinct sets of relationships must be managed in a family farm business: the personal relationships (among family members) and the business relationships (among family members and possibly non-family members).

Balancing work and family issues can create stress on business and personal relationships. Common areas of dispute include, but are not limited to;

- Financial resource allocation between the farm and family
- Management and leadership roles
- Goals of farm business versus goals of the family: Are they aligned?
- Who is involved? For example, what role will spouses play in the farm business?
- Generational transfers

### **Family and Non-Family Employees – Side-by-Side**

Increasing numbers of farms are managing workforces of employees (and sometimes managers) that are non-family members. In contrast to historic norms, in which most on-farm labor was performed by family members, today's farm managers are now managing non-family and family members – often side-by-side.

Managing people can be challenging. Managing family members alongside non-family can create additional challenges and stress on employees and managers alike as employees negotiate various aspects of their working relationships and farm managers are forced to learn to manage the farm dynamics and the family dynamics simultaneously. Perceived favoritism can become a problem on some operations where family members join the farm management team, possibly with less experience or knowledge than senior employees who they will be managing. Such situations can create a challenge for managers, employees, and the family member who is new to the operation.

### **Communication**

Communication is key in managing areas of potential conflict – in both farm and family relationships.

Clear expectations regarding roles on the operation for each person and an understanding of the importance of those roles is key to ensuring that everyone is on the same page regarding 'who is in charge of what'. Each per-

son on the farm – including family members – should have a job description that clearly outlines:

- Title of the position,
- Summary of the position (and how it fits into the whole farm),
- Responsibilities of the position,
- Who the person is responsible for supervising,
- Who is the supervisor over the position (who this position reports to), and
- Information on salary and compensation.

A number of things must be communicated on the farm, including day-to-day operational expectations, but before day-to-day directives can be effectively communicated each member of the management team and all employees must know how they fit in the organization.

Beyond day-to-day instructions or communications, clear roles and responsibilities for each person on the farm will facilitate conversations about larger, more strategic, issues and decision making. Take the time to discuss ahead of time – before the management is engaged in a heated discussion – how deadlock or split vote situations will be handled on the farm. Does the manager of the cropping operation get the tiebreaking vote on decisions directly impacting his/her enterprise? Or, does each manager have equal say whether they are directly impacted or not? Decisions like whether the farm should implement no-till or whether the farm should add or eliminate various enterprises should be discussed by those people who are impacted directly by the decision, as well as weighed in upon by other employees or members of the management team. In short, it is important it is clear to everyone who makes what decisions, and how those decisions will be made.

## Information Flow Between Farm and Family

\*Be aware of consequences on family members of farm business decisions! Adding or eliminating enterprises can have profound impacts on family members who may not even be employed in the farm business. Many on-farm decisions have both business and family consequences that should be explored.\*

A number of questions should be explored by the farm family, including:

- What is the structure in place for on-farm decision making?
- Who gets a say in decisions of the farm business?
- What will be discussed with the entire family and what will be decided by farm management only?
- When will discussions including the family (in addition to the farm management) take place?
  - o Sunday evening dinners might not be the appropriate time for informing the family of the farm business happenings and eliciting their input. But, there may be a weekly (or monthly) dinner or agreeable meeting time at which everyone can be present.

## Sources of Conflict

A number of issues can cause stress for the farm business and the family members involved. Unpleasant or uncomfortable issues must be discussed so that while the family can hope for the best, contingency plans for the worst case scenario should be in place. In the middle of the crisis is not the best time to make key business decisions with potentially disastrous impacts on family relationships. Some of the sensitive issues that can have profound impacts on the farm business include:

- Marriages,
- Divorces,
- Whether family not actively involved in farm management can be owners (or invest in the business),
- Farm versus family spending,
- Generational transfers,
- Managing expectations of family members, and
- Farm business organization.

Do family members know how they fit into the business? Having clearly defined roles and written job descriptions can go a long way to clarify roles, but it is important that family members know – for personal planning as well as business planning – how they are expected to fit into the business in the future. For example, is the son or daughter returning to the farm next year after college going to be an employee, a manager, or run a small, but distinct, enterprise?

Have a strategic plan for transition of management and leadership. The family and farm management team should consider issues such as when the next generation is expected to take over various management responsi-

bilities and whether a family member working off the farm can remain actively involved. How will spouses participate in the farm business, if at all? Discussing strategic questions such as these before questions arise can avoid hurt feelings in familial relationships as well as facilitate smoother transitions on the farm.

## Handling Conflict

Handling conflict is always important, but it's even more critical when family members are involved with the conflict. Conflict among family members within the farm can spill far beyond the barns and fields and can often affect family holidays, vacations, and weekend get-togethers.

An awareness and sensitivity to the potential for conflict to impact farm and family relationships can go a long way towards preventing a major disaster. Communicate before small conflicts become major divisions amongst managers or family members. Do not allow problems to fester until family dinners are impossible and the family business is in a dire situation.

Practice good communication and conflict resolution skills. Not every conversation needs to have a winner and a loser. Be willing to discuss issues and attempt to see sensitive issues from the viewpoint of others.

*Don't be afraid to enlist outside help if needed.* Consider asking an impartial third-party to mediate particularly sensitive discussions rather than simply sweeping the topic under the rug. Further, recognize that conflict resolution and communication skills can be learned and improved upon. Consider investing in your skill set in these areas.

## Family Versus Farm Business: The Distinction

In the end, there needs to be a distinction between the family and the farm. Decisions made in the family will impact the farm and vice versa, but it is important for business and family relationships to preserve some distinction. Be aware that the farm business might not include all members of the family, especially when multiple family units are involved in the farm business and other family members may have non-farm employment.

Be especially careful when negotiating major transitions in the farm and/or family. For example, consider how living arrangements may impact working relationships and be honest about potential for conflict. If a son or daughter is returning from college to join the farm business in a management capacity should he or she return and live back in their bedroom in mom and dad's house? How will such a decision impact family and work relationships?

## Summary

Operating a family farm business requires individuals to negotiate two distinct sets of relationships: business and personal (family) relationships. Communication is key for skillfully negotiating tough issues in both family and business relationships. Be aware of sources of conflict and make efforts to discuss issues with not only key players in the farm business, but those impacted in the family as well. In particular, use care in sensitive times of transition and have plans in place to handle potential conflicts as they may arise.