

## **The Business Of Farming: Dear Dad**

**By S. D. Parsons**

Dear Dad:

“You have no idea how much you have hurt us. For years we have worked hard on this farm, but have been terribly let down by you. We were so excited and enthusiastic when you enticed us to come and work with promises of shares in the company and eventually taking over the reins, but if I had my life over I would have gone to work for a stranger, and never got involved in a family business.”

“We would like to ensure our own children have a place in the future, but one thing I will not do, is get them to come and work on the farm. Not ever. We learned our lesson too late. The years of unbelievable stress have put us in the depths of despair at times.”

- excerpts from a couple of letters I have received recently. Apart from minor editing and combining comments from several letters these are their words.

If it sounds familiar and close to home it probably is. In the last three months I have had many calls and visits from members of farm families desperately seeking help to resolve family conflicts. Differences between family members, whether between siblings or parents and children, are a major cause of business failure all over the world. Add the stress that farmers in Zimbabwe are currently experiencing and there is little surprise that emotions are boiling over.

With just two exceptions it has been the younger partners who have approached me for help. Trapped by a set of circumstances that could so easily have been avoided with a little forethought and planning, they are desperate for a solution.

They go on to say,

“We never wasted money, and always took a lower salary when times were difficult, as we did not want to jeopardize the business. We always used farm vehicles because we never earned enough to buy our own car. We had the burden of signing guarantee for the bank overdraft, and carrying the can if things went wrong. We are the ones having sleepless nights now not knowing which way to turn.”

“We have thought of leaving, and still do, but having worked here for years we would be losing most of what we have put into the business. Whenever we want to discuss our future the emotional blackmail of ‘no-one will look after the family interests’ if we leave and that we wish our parents dead, ‘so that you can have it all’ is so very, very unfair.”

Why does it happen? Sons, daughters and spouses come home to share Mum and Dad's dream. Together they plan to expand the business, create a place for the folks to retire to in comfort, and a place to raise their own children in a healthy environment. But after a few years those dreams and hopes turn to dust and family acrimony. Perhaps you chatted to your professional advisors and they recommended a company, a trust, or other legal arrangement that would transfer the assets to the kids while Mum and Dad retained control through their "A" shares. But in most cases the human side of the issue was largely ignored.

Families grow, needs change, individuals have their own ideas and aspirations but the management system seldom caters for the dialogue so essential for healthy communication and change.

Dad has his side of the story too. In the few cases where Dad has been involved I detect a great fear of handing over to the next generation. Unspoken, or camouflaged, what I hear is, "They may not do it the way I do it. What if they fail? I don't have any hobbies. What am I going to do with my life? And most importantly, "Everything I own is tied up in the farm. Mum and I don't have any other source of income."

What a mess! Sorting it out takes time, effort and willingness on both sides to sit down and discuss the issue openly and frankly. As one young lady said at a recent meeting, "We Poms (she is English) are much more willing to put our cards on the table than you Zimbabweans." She went on to say that Zimbabwean men in particular are reluctant to discuss matters openly without getting defensive. She could be right. It is an unfortunate cultural trait.

If you are not yet in this mess a few hours spent working on the issue can save years of misery, ensure harmonious family relations and a successful transition from one generation to the next.

A few suggestions for developing a sound working relationship:

1. Separate business issues from family issues. Suppose that one or more members of the next generation do want to join the business. Take the time to find out what each party really wants from this transaction – not only in the immediate future but also in the long term. Pretend that you are dealing with a non-family member who is interviewing for a job with prospect of buying into the business.

Discuss the terms of employment, salary, housing, benefits, training, areas of authority etc. But don't leave it there. Remember this is a prospective new owner. Under what conditions will the management responsibility be transferred and by when? How will the assets be transferred? If more than one person will inherit the assets will those not directly involved have any say in management? Will they be compensated through dividends (a dangerous maneuver by the way) or through rental income? What about Mum and Dad? What authority will they have? What will their source of income be? The simple expedient of issuing them with 'A' shares

is nonsense - it creates more problems than it answers. Dad's heavy hand of being the ultimate decision-maker thwarts the younger generation's ambitions for growth, and willingness to take risk. It doesn't answer the tough questions of how the transfer of authority will occur.

2. Makes sure that all parties recognise and acknowledge the different needs of each generation. For example the parent's needs for financial security to avert a fear of being destitute in old age. The younger generation's need may be to expand the business and modernise in order to stay in business in a changing world. Understanding these fundamental differences and taking steps to allay the fears can go a long way towards a harmonious relationship.
3. Make sure that your discussion includes a clear understanding of who does what. In other words what decision-making authority does each member of the management team have now, and how will this change over time as the older generation relinquishes control?
4. Once agreement has been reached commit the agreement to writing. It doesn't have to be in legalese but it certainly should be a document that an outsider can interpret and understand.
5. Finally develop a personal set of rules for handling disagreement and conflict.

These are minimum requirements if you want to avoid the almost inevitable breakdown in communications between partners and family members. It can't be done in the lands, or casually over tea. It takes time and it takes discipline but it pays enormous dividends. If it opens a can of worms in your family so be it. Precipitate the crisis. It is better to have this discussion under controlled conditions than to wait till emotions boil over with fatal consequences.

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