



# Cornhusker Economics

## Recognizing Power and Control When Planning Your Estate

The older generations have spent their entire professional lives using the power and control that they accumulated through hard work and their long tenures. Having them retire and give up that control and power is difficult for some in those generations. Overall, it is challenging for them to give up control or power.

The younger generations need to be trained and incorporated into the operation in a planned and measured way. If they are just on the business end of fencing pliers or the manure pitchfork, they are not as likely to hang around the operation like the boomers did 40 years ago. Getting that younger generation started with management and decision-making is more important than ever. But it must be done to give the younger producers experiences to learn, but not enough to harm the overall success of the operation.

There are four strategies that can help a family better share power and control.

- **Respect me:** Take family members seriously and treat each other fairly.
- **Include me:** Involve all family members in decision-making that affects the family and the family business.
- **Collaborate:** Work together to solve problems and reach goals.
- **Let me lead:** Create opportunities for the next generation to take the lead on projects and act.

Learning in a controlled environment where mentoring can happen. Respect, inclusion, collaboration, and mentorship can all help a family come together under a unified vision while allowing opportunities for new ideas and including the next generation.

Through discussions with family business owners and managers, they also identified five practices that contributed to these family's success and longevity:

- Keep the founder's entrepreneurial spirit alive
- Embrace a motivational style of leadership
- Encourage the next generation to be proactive, innovative, and calculated risk-takers
- Reinforce the emotional value of owning and managing the family business beyond financial wealth
- Make business and family success equal priorities

First, you are not alone. Anecdotal data from Ag Professionals in Nebraska indicates that less than 1/2 of ag producers have an up-to-date succession plan. Second, as Benjamin Franklin said, "If you fail to plan, you plan to fail." When asked, most rural families acknowledge that they plan to pass their business on to the next generation. However, only 1/3 of all family businesses successfully transition management to the next generation, 70 percent do not survive to the second, and 90 percent do not survive to the third generation.

Despite the findings noted above, the Family Business Institute found that only 48 percent of family business owners and managers had a plan in place to transition the business to the next generation. Don't let fear of giving up power be what holds you back from developing the most important plan of all. Start sharing power today with the goal of passing on values and life lessons, while preserving family relationships and the family business for the future.

“Regardless of our intent, succession to the next generation is not a given. They have many choices outside the family enterprise, and if they choose to succeed us, they will have to be as interested and passionate about the business as the four generations that have preceded them. More than ever, however, we must make sure that we let our successors write their own generational chapter if we want the family business legacy to survive.” George Vestey CEO, Vestey Holdings, United Kingdom, (STEP and KPMG, 2020)

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