



Cornhusker Economics

Importance of Good Communications for Generational Ag Business Transfers

Farming and ranching are difficult. Such businesses are filled with many risks, but also with great personal fulfillment. The associated joys are especially plentiful when the assets and business management successfully pass to the next (and future) generations. Communication is extra challenging in agriculture, in part, because when family members work together, they often relate to each other as family members rather than business associates. It can be difficult to differentiate when a brother is relating as a brother, and when he is interacting as a business colleague.

According to several studies and conversations with members of farm and ranch families, communication – or lack thereof – is the number one issue and cause of stress. For mothers and fathers, the most frequently reported stressor is taking responsibility for risks and disagreements over spending. Daughters-in-law and mothers often indicate that “not being a part of the operation” is a major problem. Weigel and Weigel (1990) write: “... neither generation is happy with the communication in their two-generation farm family. Items such as handling arguments, fair criticism and family problem solving were ranked low by both groups.”

Coping strategies for successfully managing the transfer of the family farm include open communication among family members about transfer plans, allowing feelings to be expressed and acknowledged, and planning early. Researchers found that “... the families who

were able to communicate about needs, desires, and future possibilities were able to make the smooth transition of the farm operation from the parents to the children over a period of years (Weigel and Weigel, 1990).” Communication, common goals, and limited conflict of loyalties all help preserve the sense of unity in two-generation farm families.

The reason some intergenerational ranching and farming families have trouble reaching their economic goals is due to undeveloped foundational skills. Sometimes a family’s effort to decide on shared financial goals fails. They may be stuck like one woman’s family: “we hash over issues for hours and hours and they never get resolved. We don’t agree on a direction or a plan, so we just go on doing what we did before and stay mad at each other.”

Some practical strategies intergenerational farming and ranching families use to communicate effectively include:

1. Individuals should write down personal, family, and work goals for three months, six months, and a lifetime. They should make time to sit and think, to know what they want and need for their own well-being.
2. Individuals and families should practice healthy stress management strategies.
3. Family members should be able to handle unfinished business with other family members.

4. Individuals should enhance his or her communication and negotiation skills. Use fewer 'you' statements and more "I" statements – e.g., "when you're late for a meal, I feel disrespected" as opposed to "you never come to meals on time." People can experiment with the following strategy: When you _____ (describe the behavior), I feel _____ (irritated, angry, sad, depressed, etc.). What I want from you is _____ (describe the behavior). What I'm willing to do is _____ (and negotiate mutually satisfying solutions).

Also, check out what the other person heard you say: "Would you tell me what you heard me say?"

5. The family should reflect on the process used to solve or not solve past problems. What worked? What didn't work? How can the process be improved.
6. The family should seek outside help when a problem is very complex, if fresh ideas are desired, and/or if a facilitator is needed. Although farm and ranch families need to drive several miles to a larger city to find qualified professional resources, the help they receive may save them much pain and cost down the road.

Effective communication within a farm or ranch family, especially when multiple generations are operating and managing the business, is the underpinning of all other decisions made in a family business. It is critical that farm and ranch families identify areas of contention and develop communication skills that will allow them to negotiate satisfying outcomes. This may involve basic skills training, including communication, problem solving, and decision making.

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