

Income the parties receive from outside the business, such as off-farm investments and off-farm employment, may also be considered. Often some financial subsidies from the older party to the younger party are required, which may place additional stress on the parents' financial position.

If there is any question regarding the adequacy or soundness of your financial situation, now is the time to contact your accountant, lender, or management consultant, and take a realistic look at the economic and financial feasibility of developing a two-generation farming arrangement.

Can you work together?

People relationships are critical to the success of any two-generation business arrangement, both in a family and non-family setting. If the people dimension is not right, then you should probably go your separate ways. Make a careful evaluation of your *people situation*.

Personal relationships

All parties need to be tolerant, understanding, and have the ability to overlook each others' faults. A business arrangement works best if the parties and families work together in a spirit of harmony and cooperation. In addition, mutual respect between the parties is important. Problems can arise as to housing, spendable income, labor commitments, and life styles.

Business relationships

All parties should work towards similar goals to make the business succeed. When goals and values differ, care must be taken to arrive at a reasonable compromise. Joint participation in managerial decisions is another *must* if a two-generation arrangement is to

succeed. Often a good arrangement consists of people who have different skills that complement each other, rather than people whose skills are too much alike.

How about other family members?

A major concern of the young person is how to eventually gain managerial and financial control of the business. The magnitude of this concern depends on the nature and size of the business, the number of heirs involved, and the number of years before the parents' retirement.

You should recognize that another prime goal of the family is the maintenance of overall family goodwill. Plans should provide for the fair and equitable treatment of other heirs and the financial security of the parents. Agreements that unduly favor one family member should be avoided. Good communication among all family members is essential, particularly when arrangements are being changed or concessions made.

Giving it a try

One of the best ways to find out if you have a situation that will flourish in a two-generation arrangement is to farm together. A *testing* arrangement before entering into a more permanent business structure is advisable. If you have not tried to farm together, or have done so only on a limited basis, it may be advisable to have a two or three year trial period.

... and justice for all

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Many materials can be made available in alternative formats for ADA clients. To file a complaint of discrimination, write USDA, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964.

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Jack M. Payne, director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.
