

Making Family Business Decisions

or a two-generation farming arrangement to be successful it is important that all adult family members be involved in making the major decisions affecting the farm business. Family decision-making provides an environment where the family works towards goals that all family members have in common. Family members not involved in decision-making will often work towards individual goals that may be in conflict with family goals.

Properly structured *family business meetings* can be used to focus family teamwork on important business decisions. Choosing the right method of making *family business decisions* increases your chances of making the right business decisions for your situation. Relationships can be enhanced by using the concept of an *emotional bank account*.

Family Business Meetings

To effectively work as a family team, it is important that you hold business meetings. Most farm families underestimate the importance of regular family business meetings. However, business meetings provide a vehicle for making important family business decisions. Below are ideas you can use for holding successful family business meetings.

- Business setting Meetings should be held in a business environment. If possible meet in an office. If you use the kitchen table, be sure that the table is cleared of food and other items. Family members should sit around a table or in a circle. No one should be seated at a position of power. Turn off the telephones and try to minimize interruptions.
- Meet regularly Meetings should be held on a regular schedule. Meetings held on an "as needed" basis are usually only held during emergencies. Also it's easy to postpone meetings because family members often don't attach

- much importance to them. If a meeting has to be cancelled, it should be rescheduled. Holding regular meetings should become a habit.
- Prepared agenda Prepare and circulate an agenda in advance. At the beginning of the meeting, give a copy to each family member. The agenda gives the meeting structure and keeps the discussion focused on the important topics. Ask if there are additional items that should be added. All family members should have the opportunity to place topics on the agenda—either in advance or at the beginning of the meeting.
- Prepared materials Prepare materials on important decisions in advance. Give the materials to the members in advance or during the meeting. This would include financial materials, information on proposed capital expenditures, etc. If the materials are distributed before the meeting, it's important that the family members review and study the materials before the meeting.
- Minutes of the meetings Keep formal minutes
 of the meeting. Appoint someone to take notes.
 Minutes provide a record of what topics were
 discussed and what decisions were made. Unless
 minutes are kept, disagreements may emerge
 later over what decisions were reached.

Family Decision Making

Decisions that affect the future of the business are important to all family members. Several ways to make these decisions are discussed below.

Autocratic Decision Making

Autocratic decision making by one person, such as the father, is the fastest and easiest way to make decisions. However, lack of ownership of the decision by the parties involved is a major disadvantage. People tend to support and feel

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ownership of decisions they have had a voice in making. Conversely, they feel little ownership of decisions made by others. The autocratic approach works best for decisions where the individual parties don't feel a need to contribute, or the time for making the decision is very short.

Democratic Decision Making

"Let's take a vote," is the hallmark of the democratic approach to decision making. The majority wins and the minority loses.

This is a good procedure for decision making in large groups, but may also split the family. The minority may not support or may even sabotage the decision. Also, the minority may criticize the decision if it does not do well.

However, if the other methods cannot produce a decision, voting may be the only viable alternative.

Consensus Decision Making

Consensus building relies on the belief that opponents will gravitate to your solution when they are provided with the right information. It involves educating the opposing party and having confidence that individuals will re-evaluate their position.

Consensus building works best when facts are used to outline the pros and cons of the decision. However, many decisions are not based on facts but on attitudes, perceptions, and emotions. Also, as the number of issues used for advocating or opposing a decision increases, it becomes increasingly difficult to achieve a consensus.

Collaborative Decision Making

Collaboration is a process. With collaboration all parties join together to constructively explore their differences in search of solutions that go beyond their separate visions. By debating the various perspectives, the complexity of the problem is recognized by all parties and new alternatives are discussed that consider the positions of everyone. All suggestions are considered before alternatives

are ranked. No single position is sacrificed at the expense of another alternative. This process is sometimes called "brain storming". Although collaborative decision making is the most time consuming, it is often the preferred method for making major business decisions.

Summary of Decision Making Methods

- Autocratic Use for routine decisions where others don't feel a need to be involved.
- Democratic Use for large group decision making, or where consensus or collaborative decision making is inappropriate or unsuccessful.
- Consensus Use for decisions where facts can be used to outline pros and cons, and alternatives ranked.
- Collaborative Use for making major business decisions which require the support of everyone involved to be successful.

Emotional Bank Account

A basic element of strong family relationships is trust. Trust can be built into a relationship by using the metaphor of an *emotional bank account*. Deposits made into the bank account build trust. Deposits can be courtesy, kindness, honesty, and the habit of keeping commitments. As trust in the account increases, it can be drawn upon. An account high in trust makes communications easy, instant, and effective.

Withdrawals from the account are discourteousness, disrespect, overreaction, betrayal, and threats. If withdrawals exceed deposits, the level of trust drops and the account eventually becomes overdrawn. Instead of a relationship rich in trust and communication, an overdrawn account becomes one of accommodation where the team members are drawn away from each other and pursue independent goals. To have a strong family relationship, the members must build their *emotional bank accounts* with each other so that trust will be high and communications flourish.

. . . and justice for all

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