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Designing Family Business Teams

The success of two-generation farming operations is based on teamwork by the parties involved. By working together, you can often accomplish more than when you work as individuals. It is important that you use teams to accomplish business tasks.

To have successful teams, you must select the right type of team to accomplish the task involved. Next you must include the proper elements in structuring the team.

Types of Teams

Not all teams are alike. Below are three types of teams. The type of team you choose will influence how effectively you achieve your goals. Depending on the circumstances, choose the type of team that best fits the task you want to accomplish.

Functional Team

With this team, the players play on a team, but they do not play as a team. An analogy for this type of team is baseball. In baseball each player has a fixed position. Each player carries out certain functions by themselves. There is an old baseball saying that "If you are up to bat, you are totally alone."

This type of teamwork is the model on which mass production and assembly lines were built. With a functional team, the result produced by the team is the sum of the results produced by each individual team member.

A functional team is simple and easy to establish. So there is a tendency to establish teams around this model. Each person's performance is easy to evaluate. It works well when the tasks are repetitive and the rules are well known. Hired labor is often organized as a functional team.

Teams organized around the functions of the business work well with this structure. For example, situations where one person is responsible for record keeping, another for marketing decisions, and another for financial management are best handled with a functional team.

Hierarchy Team

With a hierarchy team, the team works in unison. The team requires a coach or conductor. An example is an orchestra or a football team. The team requires someone to lead them like a conductor or a quarterback. Also, the team requires a score or a set of plays to be successful, and may require rehearsal to function properly.

As with the hierarchy team, each player has a fixed position. The tuba player does not take over for the clarinet player. However, they play as a team. Each coordinates his or her part with the rest of the team. The success of one player depends on the actions of the others.

Activities like planting and harvesting crops are often organized as a hierarchy team. In these situations, the activity is to be conducted in the most efficient manner and shortest period of time. One person acts as leader to organize and direct the team.

A hierarchy team has great flexibility if used properly. It can move very fast and is very good in situations where a task must be accomplished in a short period of time.

Organic Team

This team is similar to a doubles tennis team or a basketball team. Each person has a *preferred* rather than a *fixed* position. The teammates cover for each other. They adjust their play to accommodate the strengths and weakness of each other. Often the most valuable person on an organic team is the person who can play any position.



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Page 2 File C4-73

A well functioning organic team is the strongest type of team. It displays *synergy* - the results produced by the team are greater than the sum produced by each individual team member. Synergy occurs because the team uses the strengths of each member while minimizing the weaknesses of each. However, to be successful, this type of team requires substantial self-discipline. It also requires each team member to make his or her ego subservient to the welfare of the team.

The organic team is often used in situations where all of the team members know how to carry out the responsibilities of each of the team members. This type of team involves an intimate knowledge of the other team members. Family members who have worked together for a long time often work as an organic team. However, if one person persists in being in charge, or if teammates will not support each other, an organic team will not function properly.

Elements of Successful Teams

To have a successful team, certain elements must be present. Examine the elements listed below to see if they are present in business teams you are participating in. The extent to which these elements are present increases the chances of having a successful team outcome.

- Team Goals Team goals must be clearly specified. This provides the focus around which team activities are organized. For example, the goals of a team designed to harvest the crop may be to do so in a timely manner, minimize field loss, prevent accidents to team members, etc. If team goals are not specified and agreed upon by all team members, the team will tend to wander without direction.
- *Commitment* All team members must be committed to achieving the goals of the team. Team members who don't take responsibility for

team activities will undermine the commitment of other team members. Also, a team will be weakened if its members bring *personal agendas* of what they want to achieve into team activities.

Shared Rewards

To get commitment, team members must be involved in identifying team goals and sharing the rewards of the team. If members do not share in team rewards, they have no reason to participate in team activities.

Defined Roles

To successfully carry out the activities of the team, the role of each team member must be defined. This is more important in functional and hierarchy teams and less important in organic teams. Without clearly defined roles, members will become frustrated because they won't know what activities they are responsible for. As a result, many team activities will not be carried out.

Trust

Successful teams are made up of members who trust each other. Lack of trust among team members will shift the member's focus away from team goals to protecting their individual positions.

Mutual Respect

For trust to exist among team members, they must have respect for each other. This includes respect for the views and activities of other team members. But it also includes respect for the goals of the team itself and the responsibility to work towards these goals.

Communications

Without communications, little teamwork will occur. Good communications among team members is important to successfully implement the elements discussed above.

Additional resources on **Transition and Estate Planning** can be found by visiting the Ag Decision Maker website, <u>www.extension.iastate.edu/agdm/wdbusiness.html</u>.

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