



## Family Business Points

A farmer told an extension educator, “I do not attend your labor management meetings since we operate a family farm.” He might have been missing some useful ideas and discussion. Although family members who work on the farm may not be “employees” in a traditional or legal sense, managing to take advantage of their capabilities involves largely the same processes as if they were hired help. Needs for placement in a fitting role, clarification of duties and performance expectations, and coordination with others in the business are not limited to employees hired from outside the family.

Working together can bond families and gratify each member like few other experiences, but successfully mixing business and family dynamics is difficult. David Bork, of the Aspen Family Business Group in Colorado, has found and articulated the following common qualities of successful family businesses:

1. Shared values around work, savings, charity, risk, and family
2. Shared power between spouses, across generations, and among siblings
3. Traditions that promote healthy group identity
4. Willingness to learn and grow and to solve problems as a group
5. Joint recreational activities that maintain strong family and business relationships
6. Genuine caring for family business members
7. Mutual respect that is based on trust and love
8. Support and assistance for one another, especially in times of grief and loss
9. Privacy—respect for one another’s individual space
10. Well-defined interpersonal boundaries, direct communications, and distinction between roles in family and business

Structure and policies can effectively support managers who mix family and business. Some suggestions for the managing family member follow:

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1. Clarify what is expected from all concerned. Define hours to be worked, days off, allowable vacation and sick leave, and holidays. Write a description/profile for every job in the business, including bounds of decision making rights and responsibilities.
2. Provide opportunity for family members to compete for any open job by presenting their interest and qualifications to the decision maker(s) in an interview. Use competency, training, and desire, rather than gender or birth order, as the primary criteria for hiring and promoting family members.
3. With each family member, conduct formal planning and review sessions that start with identification of job duties, define "good" performance and results, and allow for frequent two-way communication.
4. Develop an explicit, written understanding about compensation and benefits, specifying the income, perks, and benefits to which each family member may be entitled in roles of co-owner, shareholder, manager, or employee. Often useful as part of this agreement are expectations regarding rights of nonworking share owners, purchase and use of vehicles, computers, and other equipment, attendance at meetings and conferences, dedication of work time, and assorted other matters about which irritations can arise and fester.
5. Decide in advance on a policy about the hiring and supervision of family members who may want to join the business in the future. This document could set guidelines for conditions under which new family members will be welcome, how they will be held accountable, and how their pay will be determined.
6. While relations are good, discuss with other family participants what to do if arrangements do not work out and not all family members can remain in the business.
7. Share information with all family members, and keep the lines of communication as open as possible. Problems that arise in the business or family, especially interpersonal frictions, are more likely to be resolved if discussed, not ignored with the hope that they'll go away by themselves.

The workforce on many small farms or horticultural businesses consists of the owner, some unpaid family members, and only one or two hired employees. It is not unusual for owners of such businesses to have problems from their continued involvement in all operational tasks, often working as hard and spreading their efforts as if there were no hired employees at all. While legal requirements and relatively formal management tools are less applicable to small organizations, putting some structure into the employment relationship, as in family businesses, can help avoid misunderstandings and other problems on farms of any size. Consider, in particular:

- Developing a job description for every employee
- Writing an information sheet that spells out basic terms of employment and expectations
- Giving responsibility to the employee for specific tasks (though avoid dumping on an employee all of the least pleasant ones on the farm)



## Operating within Legal Bounds

Management of human resources on farms and ranches is no longer only about dealing with workers—if it ever was. While agricultural firms in western states exhibit as much variety in their organizations as in their products, they all operate in a legal, as well as market, environment. Relations among people who provide and procure labor to make the system run—farm business owners and operators, employees, and contractors—are subject to a large set of public rules that apply to all but are well comprehended by only a few.

The laws pertaining to farm labor management are formidable in their variety, intricacy, and flux. Agricultural employers and workers are challenged to keep up with evolving changes in the already bewildering array of mandates, restrictions, and rights. This body of law will continue to move as regulatory solutions to old and new problems are devised, implemented, interpreted, assessed, and amended. In 1994, the U.S. Commission on the Future of Worker-Management Relations noted the rapid expansion since 1960 of broadly applicable employment laws that promise assorted benefits to workers throughout the American economy. Additional legislation has reduced long-existing differences between employee protections in the farm and nonfarm sectors. Moreover, the creation of new obligations specific to agriculture has placed it among the most heavily regulated of industries.

Mostly designed to protect workers by controlling employers, agricultural employment laws have been enacted also to serve public interests in curbing unfair competition among producers and reducing social costs that stem from the labor market. They touch labor management decisions by regulating: (1) standards for particular terms or conditions of employment, such as wage rates,

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