FARM FAMILY BUSINESS CONSULTANT PEER GROUP – A REVIEW

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Abstract

It was not long ago when farmers were expected to be able to 'do everything' on their farm. A farmer's broad skill set and abilities were directly connected to their strong sense of independence. Today, things are changing and while the foundation of multiple management skills sets still exists, it is far less common. There is a truism in business that applies to farming; a business typically outgrows its management. With farms becoming increasingly larger and more complex, the prevailing wisdom is that business-focused farmers cannot be all things to all aspects of managing their business.

There is no one correct approach for filling the different resources required to augment a farmer's management skills. Some resources may already be in place, while others may not be being used effectively. The relationships with resources typically vary from casual, one-off interactions to regular and periodic. Management consultants or advisors can help with identifying and selecting appropriate resources. But there are inherent challenges that the management consultants themselves must address.

Businesses are challenged to find consultants who have the multiple skill sets and experience to meet their specific needs. A multi-disciplinary approach is often the consultative model that best serves the family business.

Farm businesses are often located in rural areas and business focus can be regional due to weather and soil types. The owners are generally the managers, and government subsidies and estate tax laws have helped to create the need for complex business structures. These dynamics result in a unique set of challenges in selling, pricing, collaborating and delivering family business consulting services.

Farm families must have the confidence that the professional resources they are utilizing are providing them with unbiased information, the expertise required to meet their specific needs and complete transparency.

Keywords: family, farm, management, peers, consultants, advisors

1. Introduction

It was not long ago when farmers were expected to be able to 'do everything' on their farm. A farmer's broad skill set and abilities were directly connected to their strong sense of independence. Today, things are changing and while the foundation of multiple management skills sets still exists, it is far less common. There is a truism in business that applies to farming; a business typically outgrows its management. With farms becoming increasingly larger and more complex, the prevailing wisdom is that business-focused farmers cannot be all things to all aspects of managing their business.

A challenge for management lies in the subtleness of growth. There is no magic indicator that says when they get to a certain size or to a certain organizational structure that they must adopt specific practices. The requirement to introduce new management practices is more specific to the individual than it is to increasing size or structure. Ideally, management upgrades should be aligned with the demands associated with growth.

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The farm crisis of the 1980's, the general shift of population to urban areas, and the retirement of the baby boomer generation has created significant demand for peer group members in the area of management consulting, including succession and ownership planning. Agriculture has been one of the few bright spots during the global recessionary period, with land values and commodity prices at all time highs, fueling consolidation and attracting many financial services firms to offer succession and estate oriented products and services; often with very little knowledge about the industry.

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Familybusiness.ag came together to work on two areas:

- Develop a collaborative network to enhance each individual's ability to provide services, and
- Uphold the integrity of a process-oriented, systems-based, multi-disciplinary family business consulting process.

Familybusiness.ag spent considerable time thinking about peer group processes and their application to family business consulting. This paper examines why and how Familybusiness.ag developed a peer group of agriculture family business consultants focused on learning from one another, enhancing each person's services, and creating success for family farms in North America.

1.1. History

Familybusiness.ag members met for the first time on April 25-26, 2012 following a discussion at a conference between two of its founding members. They observed individuals, at the conference, who seemed to be abusing the privilege of labeling themselves agriculture consultants in order to sell products and services to farm families who were under the duress of changes within the family farm.

A short list of colleagues, who they respected and trusted and whose presence would add value to the discussion, were invited to explore developing a peer group that represented multi-disciplines of agriculture consulting. Much like their clients who benefit from being part of a peer group, it was their opinion that they would benefit from collaborating with other farm family advisors. They invited six others to join a select group of professionals at informal discovery discussions. They were chosen based on your service deliverables, professional integrity, and aptitude. The original invitees were:

Dick Wittman	Wittman Consulting	Idaho
Barb Dart	GROW: The Family Business Advisors	Michigan
John McNutt	Latta Harris	Iowa
Nick Houle	CliftonLarsonAllen	Minnesota
Terry Betker	Backswath Management Inc.	Manitoba, Canada

Hubert Brown	Kennedy & Coe	Kansas
Lance Woodbury	Lance Woodbury Family Consulting	Kansas
Joe Kluender	Farm Family Dynamics	Minnesota

The goal of the meeting was to research the possibility of an international consortium of farm family advisors who trust each other and carry a high level of standards in the agriculture consulting community.

There was no obligation and if anyone did not feel comfortable with the group they could excuse themselves at any time. A preliminary code of conduct was agreed upon prior to the meeting, including each member declaring a vow of confidentiality regarding everything said and/or implied during discussions.

The outcome of the meeting was a commitment to develop and participate in a peer consulting group. The first meeting identified common goals:

- to provide a forum for networking, information gathering and collegiality among like-minded professionals in order to assure continuity of a qualified base of consulting capacity that preserves the knowledge, experience and integrity of peer group membership,
- to be a center of influence for advancing the adoption of effective best practices of family business management, and
- to work to ensure quality and integrity of the family business consulting profession.

1.2. Charter for familybusiness.ag

"Sharing a passion for developing farm family business excellence."

1.3. Mission

Familybusiness.ag will provide a forum for agricultural family business consulting professionals to share knowledge that will advance our consulting skills and empower our successors with the knowledge, experience and integrity of our peer-group members.

1.4. Vision

We will be recognized as the thought leaders and pre-eminent providers in the agricultural family business consulting profession. Accomplishment of this vision will be evidenced by the following landscape:

- Capable and credible consultants are available in adequate supply.
- Media outlets come to us for comment and content in agriculture-related family business advising.
- Constituents value our integration of a broad array of disciplines, such as finance, human resources, management, legal, and accounting, into the consulting service delivery process.

1.5. Values and relationships

Familybusiness.ag members are sensitive to relationships that exist within their constituencies both as a peer organization and individually. They target and value relationships with diverse networks including accounting, banking and credit, life insurance, legal, local and global consulting organizations, producer groups, academia and government. In relationships with others, members wish to be viewed as: a peer group of legitimate, competent, and seasoned consulting professionals, expert resources in client services, programming, education, and speaking opportunities.

They are not focused as overly competitive or redundant and, maintain positive relationships that, individually and collectively, enable members to:

- Convey a broad, discipline-based "systems" focus in their delivery approach, and
- Leverage the strategic advantage of the network's image to complement individual efforts.

Familybusiness.ag differentiates personal and group motives and priorities. When speaking, delivering services or participating in events, members will represent themselves first as individuals and, second as affiliated with fam*ilybusiness.ag***.** Members are expected to mutually promote each other's endeavors. Benefit derived from association with the professional network is the primary compensation expectation and does not include additional financial compensation from the group or expected referrals. Any member who does not see reciprocal benefits should terminate membership.

1.6. Criteria for membership

Prospective members must:

- Be sponsored by one or more group members and have unanimous support.
- Have had a proven track record and significant workload focused in agriculture.
- Have a passion for professional development and empowerment of others.
- Have demonstrated emphasis on "understanding process" before selling products and services
- Must have transparency in fees charged.
- Be viewed as capable of challenging and contributing value to the group.
- Establish their qualifications based on their own credentials, not a company affiliation.
- Have a professional affiliation/accreditation in the agriculture family business consulting field or comparable work experience.
- Add to and/or ensure a diversity of disciplines and geographic representation.
- Be willing to demonstrate proficiency related to one or more client experiences in an interview presentation with the Steering Committee.

There are protocols for new members. Recommendations on potential new members from the current member (the sponsor) are posted. Biographies are placed in a Dropbox account. Potential new members are required to submit written responses to questions at least two weeks prior to a familybusiness.ag meeting. New members must describe the kind of work they do and how they approach their work. They must detail an actual client engagement experience and how they succeeded or failed in the engagement. How they measure success, what they expect from familbusiness.ag and what they add to the group must be detailed. They are to describe their thoughts concerning professional development and provide their agriculture industry background. They must indicate how much of their practice is related to agriculture and how they stay educated and informed about the agriculture industry.

There is a defined time limit for a formal interview at a regular familybusiness.ag meeting. Each member takes part in dialogue with potential members, to observe them and get to know the person over the course of the meeting. As a group at the end of the day, or by phone, familybusiness.ag members vote to extend a formal invitation to join the group.

1.7. Rules for attendance, withdrawal or dismissal

There are rules for attendance, withdrawal or dismissal. Attendance: Any member who fails to participate in two consecutive meetings is no longer a member. Dismissal: Any member can withdraw voluntarily. Assets of the group reside with the group. Dismissal can also result from a lack of participation, or a breach of Code of Conduct.

2. Governance structure and standard operating procedures

Governance and standard operating procedures includes committees:

- A Steering Committee is the primary governing body for setting policies, practices and priorities. The committee will consist initially of the eight founding members of the group.
- Other ad hoc committees will be created and staffed at such future date as the organization sees a need to add such committees
- Standard Operating Procedures (SOPs) include meeting leadership, facilitation and expense sharing. Duties and responsibilities of the facilitator are outlined in Appendix A. The facilitator role is rotated each meeting. The facilitator is responsible for organizing and facilitating meeting discussions, based on a set of duties and responsibilities agreed upon by the group.
- Travel and housing expenses are the responsibility of individual meeting participants. Meeting expenses are aggregated by the facilitator and shared on a pro rata basis by those in attendance. Meetings occur every third Wednesday and Thursday in April and October. Meetings are a day and a half, enabling members to travel, attend the meeting and return home in two days.
- The facilitator plans the agenda. A working list or "Parking Lot" of meeting topics and areas of focus is maintained and updated along with a priority ranking at the end of each meeting to guide areas of focus for future meetings and conference calls.

Members use the internet and Dropbox technology for sharing, storing and interaction related to membership communications. Details on the SOPs for accessing and using this communication protocol are outlined in Appendix B.

A Code of Conduct as outlined in Appendix C has been ratified by the membership and is reviewed at each meeting.

Protocols for shared consulting include a policy and operational framework for engagements that may involve multiple members of the peer group. A set of protocols has been developed and attached in Appendix D.

Organizational history, in summary format, of the initial formation as well as key milestones and accomplishments of this group is maintained and updated. The facilitator of the meeting is responsible for assuring this update takes place.

Appendix A – Facilitator Duties

Facilitator duties include:

- Arrange for meeting space, food and drinks, and housing for hosted meeting.
- Provide for meeting equipment if necessary such as a projector, white board and related materials.
- Prepare the agenda.
- Send meeting reminders and agendas to members at least 21 days before the meeting.
- Facilitate the meeting:
  - Start on time,
  - Review the pledge of confidentiality,
  - Lead discussions,
  - Maintain agenda (stay on topic),
  - Hold responsible persons accountable for action items from previous meeting,
  - Include everyone in the conversation,
  - Make sure everyone contributes to meeting,
  - Prevent dominant personalities from dominating conversation/action,

- Keep notes and send summary of meeting within 10 days,
- Assign action items,
- Next meeting:
  - Ensure the date, location and facilitator are set.
- End on time.

- Manage follow up:
  - Provide a summary of meeting
  - Allocate meeting costs
  - Enable discussions between members between meetings
  - Support the next facilitator in establishing agenda and accountability for action items.

Appendix B – Details for Communications using Dropbox

Familybusiness.ag uses Drop Box technology for shared communications. A folder has been established on Drop Box. New drafts originated by the group should be circulated via email as an attachment and also stored in the Drop Box files. Each member can edit documents stored in Drop Box. Substantive edits use track changes technology, so other members can see the author and nature of edits made. At periodic checkpoints when edit periods are closed, the primary author is responsible for accepting changes. Minor edits can be made to live documents and re-saved at a member's discretion. Members using Drop Box should save documents under the appropriate sub-folders to keep the site from excessive clutter.

Appendix C – Code of Conduct

Familybusiness.ag code of conduct includes:

- Each member has declared a vow of confidentiality regarding everything said and/or implied during the discussions. There will be zero tolerance. If the group losses trust in any member they will no longer be offered a seat at the table.
- The group will operate in a non-competitive nature and give credit to source when sharing resources.
- Members will promote and deliver services not centered on compensation from product sales or commissions.
- All members will represent themselves and not their employer (as applicable).

Appendix D – Protocols for Shared Work

Internal protocols for working with shared clients:

- Any and all communication with the client is the responsibility of and is shared by all:
  - Agree to regular updates of progress on each consultant's front. Updates could be weekly, monthly or at certain intervals, via email or phone, but the key is to agree on a communication standard to keep everyone on the same page.
- Serve the client first, not self or own organization:
  - For those imbedded in larger firms, this one may at times prove difficult, but the key is to focus on clearly understanding and articulating the client's goals, concerns and priorities. Thus, in order to serve the client in some collaborative fashion, members agree to elicit and clearly state what it is the client is intending to accomplish.

- Person who initiates the engagement remains the lead person in charge:
  - Acknowledging that members have a lot of trust and respect for one another, there is a need to make sure that there are discussions about leadership throughout the engagement. It may be appropriate to handoff leadership based on the expertise in the group and it may be important to hand it off again after a certain phase of a project. There may be cases where a client decides to make a change in project or engagement leadership. Members will work to understand what communication and activity has taken place with prior leaders and consulting resources.
- Individual Engagements:
  - Individual engagements should be a first option. However, based on various relationships, it may make sense to propose an overall value proposition to the client. Thus, if the engagement is not based on an individual engagement, members must describe, in writing, the fee sharing arrangement and make the client aware of it.
- Members bill their own work:
  - Members billing their own work should be a first option. Caveats may occur where a shared fee arrangement makes sense. Absolute transparency with the client about a member receiving any form of compensation from a referral relationship, product sale or brokerage must be evident.
- Deliver on time:
  - Members agree that delivery on time and against agreed-upon deliverables is required.

There are external protocols for working with other advisors. Many of the professionals that interact with farms and family businesses are generalists. Sometimes that is a satisfactory resource. However, at other times farm families need a level of complexity that requires a specialist. Familybusiness.ag intention is to provide the best solution for a client's family business, and that may require consultation with other professionals that have a deeper knowledge base than their local advisor.

Familybusiness.ag members' work often depends on the timeliness and accuracy of other's work. To that end, members must let other professionals know what is expected of them and, vice versa. Expectations must be set around timelines and deliverables. Parties are to hold one another accountable to excellent work, product and process.

Many advisors have a long history with the families and businesses that familybusiness.ag members may work with. Members must respect that history, first by telling them what is expected from their relationship(s), and second by treating them similar to how members would treat the client – namely, by seeking their input – even if not the most efficient way to complete a project. In other words, they may not have much to add to the work that has been completed by a familybusiness.ag member but it may be advantageous to look for ways to encourage their ownership of the end result. This might include showing them a draft of documents, including them in meetings, or calling to let them know the progress and asking if they have anything to add.

3. Conclusions

Farms and agri-businesses are challenged to find consultants who have the multiple skill sets and experience to meet their specific needs. A multi-disciplinary approach is often the consultative model that best serves the family business. Consultants and advisors are required to maintain their professional capabilities. These capabilities are usually very specific. It is challenging, if not nearly impossible, to maintain currency in and across the multiple of professional disciplines as required in farm family situations. Familybusiness.ag is a first step in bridging the multi-discipline, professional gap that sometimes exists.