

There is an important job waiting after you hand off management control to the next generation

COVER STORY

# EXTEND YOUR FARM CAREER

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AS BOARD CHAIRMAN

ONE OF THE greatest untapped resources in family businesses is extending the farm career path beyond the role of CEO or general manager.

Transition discussions frequently focus on the separate roles family business principals have as owners versus their career role in providing labor and management.

I often ask a farm crowd, "What does the career path look like in your business?" As members of the audience are shaping the answer in their minds, I prompt them with a pictorial flow chart that depicts what most are already thinking: "First, you start out as a grunt. Then, if you hang around long enough, you become assistant manager. And then if the 'ole goat' finally kicks off, you get to be boss, general manager or CEO."

Next, I ask the crowd, "Then what?" A room full of blank stares is waiting for my answer — all in seemingly disbelief that I don't obviously know the answer. But they are already thinking what I am about to say, "Then you have to die!" This is followed by laughter and careful reflection on the accuracy of this paradigm.

If you are in the camp that thinks like the typical farm audience, you are missing a major opportunity to extend the career path of a family farm business.

What if the CEO has had a great run, is healthy and active, still has a significant ownership role in farm assets or entity structures, has prepared succession talent to assume leadership reins, but doesn't want to have to die to let go? If you see no career role past CEO, you will be hesitant to relinquish the reins. I've encountered innumerable cases of folks who are in their 70s, 80s and 90s and still sit in the boss seat. They have a death grip on the management wheel, because they see no future role for themselves beyond being boss.

As a result, potential successors grow weary, impatient and stale waiting for a turn to lead.

But instead of just hanging on, consider this next job for your career: chairman of the board. To give transparency and validity to this role, the business has to first acknowledge that the owner board is a functioning and vital part of the business's organizational structure.

## THE ROLE OF A BOARD

The purpose of a typical owner board is to set strategic direction; hire, direct, compensate and evaluate management; approve and enforce business policy; and provide financial oversight and risk control over the business.

While many family businesses engage in the above functions, they don't deliberate on these issues with the understanding that they're doing it as a board function. When farm audiences are polled with the question — "How many of you have a functioning owner board?" — only 1% to 2% of participants raise their hands. But when I rephrase the question, "How many of you at random times engage in any or all of the board functions listed above," a majority of the room will raise their hands. They have just acknowledged they do what boards do; they just never thought of these duties as typical responsibilities of a board of owners.

Once the existence of a board is transparently recognized as part of the business's management jargon and governance structure, stakeholders have a foundation for defining an extension of the career path. It could be: grunt → assistant manager or department head → general manager or CEO → board chairman.

So what could the role of the chairman be? There are

