

10 Inspired Questions for Perpetuating Generational Ranches

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Every cattle ranch faces questions about how to operate, how to position for the future, who should own the ranch and who has the talent to manage the ranch. While all of these questions are difficult, they must be confronted. The biggest threat to the future of the family ranch isn't cattle prices, land prices or federal regulation; it's the lack of positive and consistent communication within the ranch family.

To help you get the dialogue started, there are 10 questions that every ranch family should ask each family member. Asking these questions will create a dialogue and will clarify gaps in perceptions and expectations. Changing a pattern of communication does not happen overnight and will take practice, but the consequences of not trying are ultimately the possible fractures in family relationships and the loss of family ownership of the ranch long term.

#1- What does it mean to be a (insert your last name)?

The first question you might consider is "What does it mean to be a (insert your last name)?" This is a great icebreaker question for families holding a family meeting or if you are just riding around in the truck together. The responses of your spouse, children and grandchildren might surprise you. A discussion about what it means to be a (insert last name) may initiate a conversation that allows emotion to bubble up and may facilitate a generational connection that didn't exist before.

#2- What is the biggest unknown regarding the future of the family ranch?

The future of the family ranch usually looks different depending on who you ask. Each participant sees the ranch through a different lens and it is unreasonable to assume that you know how each person feels without asking directly.

While all responses may not be the same, it will be crucial to know the perceptions of family members in order to manage expectations and to have the type of conversations necessary to not have anyone surprised by big decisions regarding the ranch. Ultimately it is crucial that the generations understand the fears of each other and then respect and work through the uncertainty together.

#3- What is or would be the hardest thing about being a parent and an owner of the ranch?

One of the key challenges of perpetuating the ranch is found in the multiple roles that people play simultaneously. One example may be a mother, wife and co-owner of the ranch with

non-operating in-laws. In this situation it is natural to be conflicted in how you treat people and situations depending on what hat you are wearing at the time. Some things that you would want to do as a mother would not be appropriate to do if you were “just an owner” of a cattle ranch. A parent’s desire to treat children equally can cause significant operational challenges if not carefully executed. Coming to terms with your multiple roles and then working through the challenges of making decisions in these types of situations will be critical to navigating the complexities that you are faced with.

#4- What do you perceive as the biggest challenge regarding shared ownership in a family ranch?

Sharing ownership of anything is difficult, but when you consider sharing ownership of an operating ranch, the complexity is almost staggering. You should carefully consider the unintended consequences of forcing people to own things jointly. The challenges of sharing ownership with non-operators should also be carefully considered. If that is the path for your family ranch, there will need to be significant investments made in creating communication plans, establishing the rights of owners and then creating an internal market for ownership shares if someone would like to sell their share of the ranch in the future.

#5- At what age do the decisions in your personal life influence how people look at the ranch?

All successful generational family operations come with expectations that the community places on the family. At a very young age, children should know that their choices reflect not only on the family name, but could also impact how people feel about the family ranch. Poor judgment and run-ins with the law can put a black eye on the reputation of the family operation. With privileges come responsibility and all family members should realize that in family business an individual’s personal conduct can have an impact on the family operation.

#6- What is your comfort level with having to personally guarantee the debt of the family ranch?

As a parent, there is a tendency to want to shield your children from as many of the stresses of life as possible. In doing so children may have an unrealistic expectation for what it means to be an owner. It is crucial to learn about the risk temperament of anyone you are considering including in ownership. While a family may be asset rich, most still operate with some short term and long-term debt obligations. With debt comes risk and that doesn’t always mean just business risk. The concept of having to personally pledge assets in order for a lending institution to give you a loan should not be overlooked as you are training up the next generation. Some may not be wired to handle the stress and pressures of a personal guarantee. It is best to know now the risk tolerance of those that you are planning on participating in the ranch as an owner.

#7- If you owned the ranch, what do you think would keep you awake at night?

The challenges that worry you about the family ranch may not be the same thing that worries other owners or potential owners of the ranch. Addressing the fears and anxieties of ownership of the ranch will facilitate conversation, enhance understanding and ultimately may influence how ownership succession takes place.

#8- COMPLETE THIS SENTENCE: "The best thing about being a part of a family ranch is . . . "

Deciding to be a part of the ranch is not always logical. It isn't always the most profitable venture that an individual could choose. Many times it is an emotional connection to the ranch that keeps people ranching when things are tough. Accessing individual's emotional connection to the operation may bring insight and appreciation to what they love about the ranch. When you know what others love about the ranch, it will allow you to relate and connect with them on a different level. It also may help inform how the person fits into the operational aspects of the ranch.

#9- What responsibilities come with owning a ranch?

Owning a ranch is not for the faint of heart. It isn't all beautiful landscapes and breathtaking sunsets. Owning a ranch comes with responsibility. As the next generation has an opportunity to verbalize what they see as the responsibilities of owning a ranch are, this will open the door to further conversations that will give perspective and a healthy reality to the next generation. The best-case scenario for someone returning to run/own the ranch is when their eyes are wide open to the challenges and opportunities that come with the privilege of owning the ranch.

#10- What innovations will the family ranch have to make to stay competitive?

The one thing that is constant in any business is change. Innovations in the industry will influence how productive you can operate. The need to improve efficiency and profitability will necessitate willingness and an ability to change and adapt with the times. Whether it be marketing, nutrition, range management or changes in estate tax laws the ability to adapt and embrace change will be key to finding continual success across generations.

To navigate generational transitions of the family ranch it isn't always important to have all the answers, but it is crucial to ask the right questions. Invest time thinking about the questions that you should be asking your family about the future of the family ranch and then have the courage to ask these questions, whether in a family meeting setting or individually. You will be pleasantly surprised what you will learn as you encourage dialogue and sharing. The talents and capacity of multiple generations on the ranch can only be tapped into effectively when the family establishes a pattern for communication. Enjoy the journey and start asking questions now!

