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ENTERPRISING RURAL FAMILIES: HELPING FAMILIES MANAGE RURAL ENTERPRISES FOR SUCCESS

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Abstract

Enterprising Rural Families is a course designed to assist families manage their rural enterprises for success. It was conceived by Extension educators in the United States working with collaborators in Queensland Australia and British Columbia Canada. A robust model describes the interlinking and overlap of individual, family, business systems, and the community surrounding them. At the core is the rural family enterprise. Originally developed as an online course with supporting electronic monthly newsletter, the team has developed CD-based modules for distribution and presentation in other venues. Strategic Management focuses on assisting families define and achieve the success they desire. The Resource Inventory course is designed to aid in resource identification and assessment. Enterprising Rural Families provides hands-on solutions to issues faced by rural enterprise managers everywhere. As such, the course is especially relevant to areas intent on rural revitalization.

Keywords: *rural family, enterprise management, risk management*

Introduction

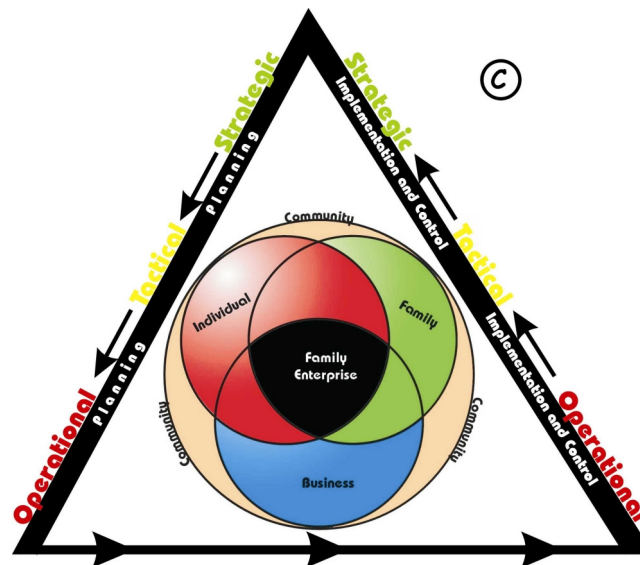
The course is developed around a graphic model which provides a representation of the components of the family-business enterprise system—the individual, family, business, and community. The family enterprise interface characterizes the process in which the independent systems overlap, forming a common boundary.

The ERF model represents an intertwining of systems. A system is an assemblage or combination of things or parts that form a complex or unitary whole. Typically, courses concentrate on the activities of the business system. The ERF course, however, focuses on the interactions of the family-business enterprise system.

The first system is the individual system. Each individual is a system of complex factors that makes up that person. The ways in which these factors mix contribute to the type of interaction the individual has with others in the family and business.

The second system is the family. This system is composed of two or more members, serving to nurture the individuals and provide harmony.

Figure 1: The Enterprising Rural Families Model



The third system is the business. The purpose of a business is to generate a return in excess of cost to further the goals of its ownership. The focus is on business management that includes the business's vision and mission, the position of the business within the industry, the management of resources, and the external and internal challenges facing the business, among other issues.

Finally, the community surrounds the three systems. The external environment surrounding the individual, family and business systems is yet another factor the family enterprise must contend and interact with.

The resulting family enterprise: an assemblage of an individual, family, and business system, along with the community, forms a complex, unique whole. The family enterprise interface represents the process in which the independent systems connect with each other to form the core: a focal point represented at the model's centre as the enterprise overlap.

The Enterprising Rural Families model introduces concepts that focus on the three systems and surrounding community comprising a family enterprise. It also introduces the planning process of a family enterprise represented by the triangle and arrows surrounding the enterprise. The planning process is an essential component of any successful family enterprise. As such, the ERF model emphasizes the progression of family enterprise planning from strategic goal setting to the tactical objectives to day-to-day operational plans. The process of planning, implementing, and controlling is ongoing, circular, and dynamic. As such, the model demonstrates that there is no starting or ending point in the process. The model also provides the planning framework for goal accomplishment.

Family businesses are a unique form of business, facing more risks than other business owners because the family and business are enmeshed; issues that threaten the business threaten the family as well. A family business can reduce risks and increase the likelihood of successfully integrating family and business by increasing knowledge about how to plan for the future. The family business is essential to the U.S. economy, yet family businesses have shorter life spans than businesses in general with few surviving into the third generation. The sustainability and longevity of the family business can be significantly increased with enhanced understanding and strong efforts to deal with these unique challenges and risks.

Strategic Planning and Goal Setting Course

Enterprising Rural Families began as an online course. Recently it has been updated to include two, CD-based modules for distribution and presentation in other venues. The first of these is *Strategic Planning and Goal Setting*.

Upon completion of the course, learners are able to:

- Identify the unique characteristics of a family-owned business.
- Describe the ERF model for family business systems.
- Identify the roles and responsibilities in a family owned business.
- Identify key points of change in personal and business cycles.
- Define goal setting and strategic planning.
- Identify the purpose and characteristics of a vision statement.
- Identify the purpose and characteristics of a mission statement.
- Identify the purpose and characteristics of a strategic goal.
- Describe the strategic planning process.

Family Business Dynamics

The whole of the family business is comprised of several independent, yet interdependent systems that have continual and dynamic interactions with one another – dynamics which are often not apparent in a typical non-family business. Decision-making in a family business is complicated, ranging from autocratic to group consensus, and sometimes not enough attention is paid to the concerns of the family and individuals. Family logic and dynamics can have considerable influence on business decisions.

Business-first or family-first – which is the emphasis? The goal of family is to create compassion and caring, while the goal of business is to incorporate efficiency and objectivity. The continuum of tension between these two systems often creates stress and misunderstanding amongst family members and between members of the business management team. There are critical differences between how families handle important issues as opposed to how businesses handle the same issues. The Family-Business overlap becomes a critical interface which must be dealt with through open communication and honesty for the family engaged in business to succeed. Assessments are provided for participants to better understand the attitudes and preferences of their family and business management team.

Characteristics of successful family businesses have been identified and should be goals for every family engaged in business together. As noted, the Enterprising Rural Families model sees family enterprises as an intertwining of the systems of the individual, the family, and the business, placed within a surrounding community. Individuals have personal goals, aspirations, and skills which may or may not fit well with the roles where they find themselves placed in the business. The family is a closed group and each has its own unique rules, norms, characteristics, and patterns. The purpose of the business system is to make a profit, fulfilling the goals and objectives it has

The overlap of each of these systems forms a unique dynamic which is different in each family business. In some, the family takes precedence, while in others it is the business. Sometimes the aptitudes and desires of the individual are important and sometimes individuals are virtually ignored at the expense of the family or business. Where all three of these systems overlap (individual, family, business) is where the actual family-business happens. This overlap may be healthy and open or fraught with tension and anger.

The community forms an additional environmental factor for the family business. The ERF model breaks this factor into two parts – the immediate community with which the individual, family, and business

must interact on a daily or frequent basis; and the external environment made up of industry, political, and environmental issues over which the family business will have less control.

The Planning Process

The Enterprising Rural Families model places the assemblage of individual, family, and business systems, and the surrounding communities within a strategic planning process. This process of planning, implementing, and controlling is ongoing, circular, and dynamic.

Matching roles to individuals is one of the first and most basic steps in preparing a workable plan for a family business. A role assessment worksheet assists with matching roles and skills within a family. Properly determining and assigning roles is a basic step in building a successful business management team.

Families and businesses go through distinct and separate cycles and these cycles may dovetail or clash to enhance or weaken the growth of either. Coping with the dynamic of change is a critical skill for all family businesses wishing to survive. Exercises are provided to help the participant think about the issues of change in their situation and how well they are prepared to deal with such change.

Strategic Planning

Planning starts with establishment of the management team and involves them in the process of communication and goal setting. Once assembled, the team must articulate a destination toward which they and the business will move – a statement of vision; a future that in important ways is better, more successful, and more desirable than the present. A vision is shaped by the beliefs and values of those involved and the ERF planning process encourages participants to identify those values which guide both the individuals and the family business.

A mission statement describes the family business as it fulfills its vision. The mission statement gives information on how the business functions and the landscape it operates in. It incorporates the purpose and aspirations of both the business and the family, defining what the operation wants to become, produce, and provide. As such, it is a concise description of the future the family business is working to achieve.

Strategic goals must be established, outlining long term outcomes which serve to fulfill the mission established. Good goals should be SMART: Specific, Measurable, Attainable, Related, and Time-based. Once SMART strategic goals have been established, resource costs for attaining each goal should be estimated and assigned – without costs, priorities and time-lines cannot be established, which is the next step. Determination must be made concerning which goals are immediately attainable and which must be worked toward, which should come first, how long it will take to achieve each, and what sacrifices must be made to accomplish each.

Tactical objectives and operational plans complete the strategic planning process and are covered toward the end of the course.

Course Tools

To accomplish the course objectives and deliver subject matter information, *Strategic Planning and Goal Setting* utilizes several tools:

- Scenarios of two example families in business to illustrate various aspects of the course content,
- Four worksheets and assessments,
- Seven readings to expand on course material, and
- Twenty-two interactive components and exercises to enhance participant learning.

Strategic Planning and Goal Setting is designed to help participants understand the uniqueness of the enterprise managed by a family in the world of business and a number of the risks and issues that such an operation faces. Family businesses are composed of distinctive, interactive systems that impact operation and success. Those that are successful share common characteristics which enhance strengths and compensate for weaknesses. One method to build on the strengths of the family business is to use proper visioning and planning processes. This allows members of the team to assume roles which most closely fit their skill sets. Such steps will build the sustainability and longevity of the family business from generation to generation.

Resource Inventory Course

A clear picture of the resources available must be developed before family business owners can fully appreciate the choices and options open to them. Conducting a resource inventory is part of the strategic level of management. It is the process where individuals involved take a hard look at what they have to draw from to make the enterprise a success. This process may lead to the discovery of new strengths or previously unknown weaknesses. The second CD-based module in *Enterprising Rural Families* is *Resource Inventory*.

Upon course completion, learners are able to:

- Identify the value and purpose of inventorying the resources of a family business.
- Describe the individual inventorying process and identify available individual assessment tools.
- Describe the family inventorying process and identify available family assessment tools.
- Describe the business inventorying process and identify available business assessment tools.
- Describe the community inventorying process and identify available community assessment tools.

Inventorying Systems

The three systems of the rural family enterprise—individual, family, and business—surrounded by the community are inventoried in the *Resource Inventory* course. How detailed an inventory depends on the importance of each system in relation to the family enterprise.

Individual System Inventory

Technical knowledge and skills are essential with the growing complexity of family businesses. But technical skills and knowledge may not be the core source of strategic competitive advantage. The skills needed to be successful in the future include vision and strategic management, communication, and personal management. These skills are more difficult to develop but family businesses that do so are expected to have an advantage in the changing world of competitive business.

Strategic management focuses on visualizing the future and where the family business fits. Assessing strategic management skills focuses on three major areas: visualizing the business future; analyzing the current situation; and assessing strengths as a manager.

Communication is often perceived as an art, and many individuals in family businesses believe they just don't have the talent for it. By completing the communication skills inventory, the business owner has a

better understanding of their ability to convey information to those they work with and a preferred method for handling interpersonal conflicts.

Personal management skills determine how well an individual handles multiple roles and responsibilities of their lives. After completing the balance assessment, family business operators are able to rate satisfaction in the physical, mental, spiritual, career, family/social, and emotional dimensions of their personal lives.

Family System Inventory

Meshing a family and a business blur the lines which distinguish one system from the other. Family businesses are strongly influenced by the patterns of the family and it is impossible to understand a business without understanding the family running it.

Balancing work and family is an individual and family issue. If families are to be a positive influence, if individuals are to be successful and satisfied in their careers, they must assess what and how they are doing. After completing the balancing work and family assessment, families will better understand the current balance between work and family/personal issues and strategies to help manage the challenges working individuals face.

Every business and every family have roles that must be filled. Along with a clear understanding of the roles family and non-family members play in both the business and the family, every business needs clearly identified job responsibilities and people who can fulfill them. Where jobs and responsibilities are not defined, misunderstanding, friction, and poor performance can result. The Resource Inventory course includes a family role inventory that helps address these concerns.

Finally, good decision making leads to sound management. The means by which individuals make decisions is one of the keys to family business survival. Whether decisions in the family occur autocratically, through consensus, majority vote, or unanimously and the degree family members are involved in decision making is the focus of the decision making inventory.

Business System Inventory

Before determining a future direction for the business, a picture of what resources the business system has to work with is needed. The Resource Inventory course inventories the following business resources: industry and market; financial situation; physical and natural resources; human resources; business infrastructure; and intellectual property.

The business system inventories in the course assist family business owners explore:

- Current and future industry needs (industry and market),
- Overall financial strength and position of the business (financial resources),
- Cost and market value of natural and man-made resources (physical and natural resources),
- Key assignments needed to ensure success in the family business (human resources),
- Written and detailed procedures and policies (business infrastructure), and
- Copyrights, patents, or customer listings in the business (intellectual property).

Community Inventory

The family enterprise and the individual, family, and business systems are surrounded by the community. The resources used by communities and inventoried in the course can be placed into seven categories—natural, cultural, human, social, political, financial, and built. The family business interacts with these

categories to various degrees, perhaps even daily. Other community resources may be outside the control of the family business but nevertheless may exert an influence on the business.

Course Tools

To accomplish the course objectives and deliver subject matter information, this *Resource Inventory* course utilizes several tools:

- Twenty-two system inventories,
- Eight readings to embellish course material, and
- Thirteen interactive components and exercises to enhance participant learning.

The *Resource Inventory* course is designed to help the family business consider all the resources available to it. These resources are available from a variety of sources and systems. Some resources come easily to mind; others may take considerable thought to estimate their value to the business and the family enterprise.

Additional Components

In addition to presentation of the subject matter, each ERF CD-based module includes several additional components. These components are designed to assist the learner or presenter with course material. Additional information includes:

- Glossary- A glossary provides definitions and explanations of terms used throughout the course.
- Resources- The resources section provides links to additional online information and resources for family business managers, a listing of all module worksheets and readings, and a link to presenter files.
- Presenter files- This section provides the presenter with a teaching outline for making onsite presentations of the ERF module, access to Microsoft PowerPoint presentation files for all course content, and links to all course worksheets, readings, and activities.

The Enterprising Rural Families Team is grateful to the University of Wyoming Cooperative Extension Service and the United States Department of Agriculture Risk Management Agency (USDA-RMA) for supporting the development of ERF courses. Schedules for upcoming courses and more information about Enterprising Rural Families: Making it Work is available at www.eRuralFamilies.org. Requests for a free subscription to the ERF electronic newsletter or other inquiries may be emailed to Information@eRuralFamilies.org.