Communication & Conflict in Succession Planning

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Farm Family Enterprise Transfer Decisions

HINDERS PROCESS

STRENGTHENS PROCESS

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Managing Risk within Family Businesses Succession Requires:

Addressing the interconnectedness of the family and business systems

Understanding the different responses humans may have to change

Discussing issues such as retirement, change, death, and money

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Fundamental Relationship Orientation Model (FIRO)

**Inclusion**
- Structure
  - Role Organization
  - Membership
  - Decision Authority
- Connectedness
  - Coaching
  - Involvement
  - Commitment
- Shared Meaning
  - Vision
  - Mission
  - Core Values
  - Culture

**Control**
- Balance
  - Distracting/creative tensions
  - Business/family needs
  - Stability/change mix
- Tension Themes
  - Spoken/unspoken
  - Employees-family vs. non-family
  - Unresolved conflict
- Interaction patterns
  - Conflict management
  - Leadership
  - Communication

**Targeted Outcomes**
- Achievement
  - Quality product or service
  - Goals met
  - Good reputation
- Heath
  - Financial soundness
  - Creative problem solving
  - Long-term viability
- Fellowship
  - Effective management
  - Good employee relationships
  - Human capital investment
Premises of the FIRO Model

Model is developmental across dimensions.

Change requires adjustments in Inclusion and Control dimensions for success in Viability dimension.

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Use of FIRO Model

- Problem Solving Tool

- Change Management Tool

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FIRO MODEL
Problem Solving Tool

Inclusion → Control → Targeted Outcomes

Investigate here → Investigate here → Problem here

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FIRO MODEL

Problem Solving Tool

Inclusion → Control → Targeted Outcomes

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FIRO MODEL

Change Planning Tool

Inclusion → Control → Targeted Outcomes

- Plan for adjustments here
- Tensions are inevitable during change
- Goal: Change here

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Inclusion Components

• Shared meaning: Everyone in the organization has common understandings of core issues
• Structure: Everyone has a clear role and understands their responsibilities
• Connectedness: Bridge between the what (shared meaning) and the how (structure)

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Use of FIRO Model

• Problem Solving Tool

• Change Management Tool

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Interdependence of Family and Business Planning

1. Family Commitment to the Future of the Business
2. Assessment of Health of Business
3. Identification of Business Alternatives
4. Consideration of Family and Personal Goals
5. Selection of Business Strategy
6. Assessment of Family's Interests and Capabilities

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Family Business Succession Concerns

- Continuation of the family farm
- Expectations related to transfer process
- Maintaining control of farm management decisions
- Security for both generations
- Concerns about children/parents

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Farm Management Decisions

- Marketing decisions
- Daily operation decisions
- Financial decisions
- Production decisions

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## Conflict Management versus Resolution

<table>
<thead>
<tr>
<th>CONFLICT MANAGEMENT</th>
<th>VS.</th>
<th>CONFLICT RESOLUTION</th>
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<tbody>
<tr>
<td>• Describes redefining or restructuring the part of a situation that is causing tension.</td>
<td></td>
<td>• Describes the end of both the condition and the process of a given conflict.</td>
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<tr>
<td>• Implies remaining tension and disagreement as new approaches are tried.</td>
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<td>• Implies the end of both the problem and the feelings surrounding it.</td>
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Lack of communication or miscommunication

Value conflict: different attitudes, beliefs, or values

Discrepancies in expectations about role performance

Unresolved prior conflicts

CONFLICT

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Circle of Concern

Circle of Influence

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Every business is filled with conversations just dying to happen
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