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## Dealing with Control of the Farm/Ranch

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# Cornhusker Economics

## Dealing with Control of the Farm/Ranch

Market Report	Year Ago	4 Wks Ago	6-21-19
<b>Livestock and Products,</b>			
<b>Weekly Average</b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	109.00	*	*
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	187.76	168.64	166.04
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	154.39	145.13	*
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	218.65	220.64	220.90
Western Corn Belt Base Hog Price Carcass, Negotiated . . . . .	77.79	75.82	*
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .	84.53	83.66	76.68
Slaughter Lambs, woolled and shorn, 135-165 lb. National. . . . .	162.41	155.58	157.53
National Carcass Lamb Cutout FOB. . . . .	374.39	393.43	394.43
<b>Crops,</b>			
<b>Daily Spot Prices</b>			
Wheat, No. 1, H.W. Imperial, bu. . . . .	4.20	4.10	4.21
Corn, No. 2, Yellow <b>Columbus</b> , bu. . . . .	3.38	3.84	4.39
Soybeans, No. 1, Yellow <b>Columbus</b> , bu. . . . .	8.06	7.34	8.13
Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .	5.10	614	7.00
Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .	2.89	3.24	2.98
<b>Feed</b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	*	*	173.00
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	107.50	105.00	*
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	105.00	90.00	*
Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .	115.00	121.00	146.50
Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .	38.50	42.72	48.00
<b>* No Market</b>			

As I have traveled the state presenting farm and ranch succession/transition workshops, I've run into several family situations where the older generation is lucky enough to have the next generation come back to the farm. The younger generation, in some instances, is not that young anymore and have formed knowledgeable opinions about how the farm or ranch should operate. I wrote this article to challenge both the younger and older generations as they move their operation forward as a family.

Long term family cohesiveness can become challenging if there are control issues within the family. The younger generation often brings this issue to my attention. They have gained experience and education and have ideas about management to improve the farm or ranch. They take their ideas to their parent, and far too often, the ideas are shot down without even due consideration. The younger generation may not feel valued or in control, and even think, "Why did I even bother to come back here if I cannot contribute to the management, not just to the labor?"

It can even go beyond that. In some cases the younger generation wants to know where they stand with the succession or transition plan for the farm or ranch. In many cases, this is not discussed or, when it is presented to the current management, they withdraw and will not discuss it. If those in control do address it, they comment, "Someday, this will all be yours." Often however, there is no written plan.

I've also talked to some of the older generation about their thoughts on this issue. They sometimes share that they don't completely trust the younger generation to make good decisions for the management of the operation. Sometimes I wonder if trust is even the issue. I'm wondering if they are reluctant to

give up control, not because their adult children are incapable of running the operation, but because they don't know what else they would do if they didn't farm or ranch full time. I would bet that in all cases they love having that younger family around, but don't think about or consider how to share management with that next generation.

Here are some suggestions:

*For the younger generation:*

1. Remember that most conflicts relate back to poor communication. Good communication is not about speaking, it is about listening. "Seek first to understand, before you can be understood" is one of the habits in Stephen Covey's. *Seven Habits of Highly Effective People* Listen to what others are saying and ask clarifying questions. Many conflicts can be avoided or resolved with in-depth conversation that comes from good communication.
2. The younger generation might need to ask the older generation how they'd like to hear about new ideas. Sometimes, older family members don't want to be put on the spot, they want time to think about what is being proposed. Find out how the other party would like to receive the idea with the understanding that they have some time to think and ask questions about the proposal. Defining a clear process for decision making indicates that this is an important process for both generations.

*For both generations:*

1. The management transfer plan needs to be discussed and written down. It is suggested that management transfer should be gradual and planned. For example, the older generation could identify one piece of ground, or one part of the enterprise, and give complete control to the younger generation. In the case of farmland, the management transfer should include what to plant, when to plant, how to fertilize, selecting a weed control program, and how to market the crop. In a year or two, more of the management is transferred so that in 5 to 10 years all of the management is in the hands of the younger generation.
2. In a written plan, also be sure to write down and agree to an exit strategy. I hear of situations where the spouse of the younger generation has a change of heart on being a farm or ranch spouse. Or there is a health issue for either generation staying in agriculture. It is important to have a plan in place that outlines how to exit a generation if needed.

3. Show appreciation. If both generations could find the 'good' in the other generation for the work that they have done, those positive remarks would go a long way toward all family members being satisfied with their roles.

*For the older generation:*

1. Be careful how you respond. Too much negativity with responses to ideas you don't like gets old. Be mindful of how you frame thoughts; if the responses are negative all the time, you might drive the younger generation away. I realize that as the older generation you paid your dues. However, the younger generation is used to more communication about the plans and about how management can be shared. Figure out how you will deal with this without losing the trust of your children and their spouses.
2. In general terms, the older generation needs to think about how they communicate with the younger generations, because good communication matters. Think about how to ask clarifying questions about the new idea before just saying *NO*. If you are going to say no to an idea, be sure to take the time to explain why you don't feel that the suggestion given will work in the situation.

There is never any perfect fix to family issues like this; however, there is one piece of advice that will always help. When there is trouble brewing, increase communication. Too many times both parties want to stop communicating because they don't want to cause trouble with the family. However, the opposite will usually be true. Improving communications by listening carefully and asking lots of clarifying questions will be the best way to move the operation forward positively.

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