

BEFORE MAKING major business management moves, Greg Leigh, left, a hog farmer from Avon, Ill., consults his farm business adviser, Darrell Dunteman.



By Pam Henderson

THE PATHFINDERS

WHEN YOU CAN'T SEE THE FOREST FOR THE TREES,
A FARM BUSINESS ADVISER CAN BE YOUR GUIDE

Back in the late 1960s, Greg Leigh decided to incorporate his Avon, Ill., hog farm. He could have gone straight to an attorney to draft the paper work, but first he called on an outside business adviser to help sort through the pros and cons. Then he called his lawyer.

"Farming's complexity forces me to depend on a lot of people for information," he says. "I have to weigh it to decide what it's worth and how to act on it. Luckily, I have the benefit of an educated opinion from someone I trust to know my operation."

Today, Leigh relies on his farm business consultant to help him see the forest for the trees when it comes to management and business continuity. "Salaries, rents, tax questions—I depend on him to help me evaluate their implications on corporate and personal income," says Leigh.

New faces. Over the years, farmers have gradually come to accept and have recruited to their management teams crop scouts, consulting veterinarians, lenders, accountants, brokers and lawyers. But consultants

are relative newcomers, bringing generic business expertise and family counseling to the field.

In fact, the skills of individual business consultants are often so varied it's difficult to come up with a descriptive moniker. "I'm part financial counselor, part organizer, part accountant, part shrink—among other things," says Lewistown, Ill., consultant Darrell Dunteman, Greg Leigh's adviser.

"I get paid to see the big picture. Farm business issues are often so multidimensional that the owners

PHOTO: RUSS MUMIN

aren't sure what the problem is, let alone how to solve it. Or in the case of transition, succession, estate planning and other family business issues, they want to do the right thing so much that they do nothing at all."

Business advisers can cut through the fog. They bring experience, objectivity and candor not usually found on the farm. They are also able to confirm or challenge the farm owner's risk judgments.

Think of business counselors as general practitioners guiding the farming patient to specialists on an as-needed basis. They often do tactical planning, but ultimately, they try to assess the business's total thrust.

Shhh! It's no surprise that farmers tend to be secretive. The thought of sharing confidential information and airing the family's dirty laundry can be threatening, so the head of a business usually struggles alone.

Leon Danco, a consultant based in Cleveland, Ohio, agrees that business owners generally don't like introspection and don't like to meet and talk. "They are doers, and meetings that make them sit and think go against the grain. But as the business grows, meetings and outside specialists become more important."

In Atlanta, Ga., family business adviser Phil Sidwell spends his first session interviewing prospective clients to see whether he's right for the job and whether the family is united in the desire to be helped. The next step is to meet with the key players—the current generation and their spouses. "I describe the process and the objectives, then field questions. Next I begin individual conferences with each family member active in the business," says Sidwell.

Eventually he calls the active partners back to the table in a group for honest business planning. All the while, he gathers data about off-farm family members and their influence on the business. Usually they develop a business plan. "Farmers think only 3M and GM have business plans," he says, "but most of the conflict in a family business can be overcome with a plan to handle it."

The consulting process typically addresses the farm business structure, which involves developing job descriptions, goal-setting and performance standards for the business and individuals. "We look at training and development needs for active family

members and any other key people. We work on compensation packages and communication flow within the family," notes Sidwell. "We analyze wills, buy/sell agreements and how the company has been valued. Then we work directly with accountants and lawyers to carry out specifics."

Finding help. Professional business counselors are as varied as the farms they serve, so it's imperative that you choose a consultant who

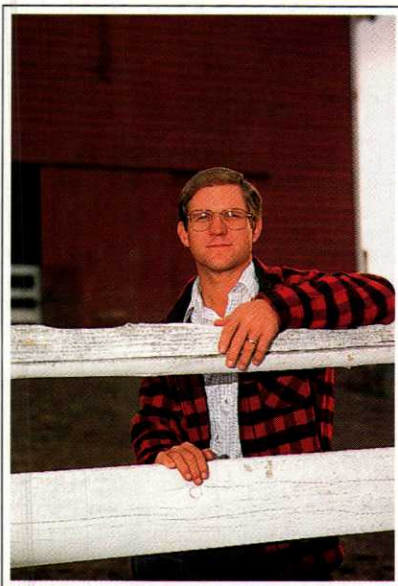


PHOTO BY THE AUTHOR

"I'M SELLING ADVICE, education and an objective awareness of how a successful business can operate," says business consultant and farmer Dick Wittman of Culdesac, Ida.

matches your needs and personality.

Dick Wittman, a farm business adviser in Culdesac, Ida., suggests considering whether you need advice in five areas: accounting and financial management; marketing; personnel and general business management; communication skills; and farm production. Then request a biographical sketch or resume from the consultant to match skills with needs.

Right now no licensing or accreditation procedure is required before a consultant can hang out a shingle. The American Society of Agricultural Consultants (ASAC) does screen and certify members who meet basic requirements for education and consulting experience. And the American Society of Farm Managers and

Rural Appraisers is looking into a certification program. But don't let the lack of certification be an excuse to procrastinate. Here are some hints to getting the help you need.

- *Write down the problem.* Until you put it to paper, you're not ready to face it and won't know what kind of adviser to seek. Don't wait until the problem grows. "It's much easier to go into a business and put it on a positive foundation than to rebuild from a disaster," says Wittman.

- *Talk with the family first.* Everyone must agree to the process and be willing to take an active role. Don't expect everyone to jump at the idea. Talking out problems is easier for some people than others. Think about attending a seminar or reading about family business problems first.

- *Consider their qualifications.* Few people start their career as a consultant. Knowing what they did before is a good clue to strengths and biases.

- *Be prepared to pay.* Comprehensive business planning isn't cheap—expect to pay at least \$75 to \$200 an hour. Buffer the shock by asking yourself how much a divorce or business dissolution could cost.

Ask for a complete disclosure of fee structure (hourly, daily, retainer) and expenses. Request a formal letter of agreement to resolve any future questions of services and payment.

- *Be wary of big promises and guaranteed results.* Insist on a written recommended course of action within a specified time.

- *Be sure the consultant will work with other advisers.* The process won't be helpful if the consultant bickers with the lawyer. Involve your banker, lawyer and accountant.

- *Seek referrals and references.* Ask other farmers, small businesses, lawyers and accountants for prospects. Then talk to some of the farm families the consultant has worked with.

- *An advisory board may be an alternative if you're having trouble finding help.* Most farmers understand the elevator or bank board concept; a business advisory board works the same without voting privileges. Pick three or four business leaders whom you respect and who will respect your confidentiality, and meet with them several times a year.

- *ASAC has certified members in most states.* For a free directory write ASAC, 8301 Greensboro Drive, Suite 260, McLean Va. 22101 (703-356-2455).