

Written Policies

Formalizing Management

- ✓ Planning
- ✓ Human Resources
- ✓ **Written Policies**
- Outside Expertise

Another important step farm businesses can take toward formalizing their operation is to make use of written policies. Putting things into writing makes it clear to all involved in a business how things are done and why things are done that way. The process of writing policies forces family members to focus on what their business and family mean to them, what they want to accomplish and how they will get there. Written policies won't work magic but they go a long way toward helping a family solve or prevent problems as they work toward their goals.

Family/Business Mission Statement

Many businesses have mission statements, a statement which encapsulates a firm's purpose and aspirations. A business mission statement will answer questions like: who are we? what do we do? whom do we serve? how do we serve? Business mission statements were discussed earlier in this book, under Strategic Planning.

A family mission statement can serve a similar purpose for a family. A family's values will shape the business. A family mission statement documents the family's dreams, hopes and ideals for the family business. It should discuss the family's future direction, as a whole and for the individuals in it. The statement usually reflects the family's values under which it expects the unit and individuals in it to conduct themselves.

Sample Family/Business Mission Statement

The Meadowbrook Family Fibre Farm is committed to producing quality natural fibres and finished products in an environmentally-friendly manner. Our aim is to generate a livelihood for the current generations working in the business and to pass a productive farm on to subsequent generations, should they choose to continue the family tradition. Above all, our aim is to provide a healthy and nurturing environment in which we can all live and thrive, while contributing to the community which supports us.

The process of developing a mission statement can be a unifying and empowering exercise for families. It puts them in touch with things that bind them and makes them feel good about themselves and what it means to be a part of their family business.



Writing a Family/Business Mission Statement

Start formulating a mission statement by getting family members to recount positive stories about the family over the years. In addition, get each family member to list the six things he or she most values about being in the family and involved with a family business. Then get each member to share this list.

Use this to start formulating your own family/business mission statement. Consider including the following in your mission statement:

- the values you cherish as a family
- where you want the family and business to be in future years
- if and why you want the business to continue in successive generations
- what the relationship between individual family members and the business should be
- what philosophies or ethics will guide your business

Family/Business Charter

Overlapping roles, expectations and values of the family system and business system can lead to confusion and conflict. One of the most constructive methods of balancing these concerns is to determine specific guidelines for such things as who in the family will be included in the business, what training will be required and what the reporting structure will be. A written charter outlining policies that are to be applied consistently makes it clear to all involved what the rules of the game are.

The content of such a charter will vary depending on the nature and size of the family and the business. Some of the issues that should be addressed in a charter follow:

- **Who will be hired?** A charter needs to spell out whether all family members will be hired. Policies relating to eligibility of spouses, in-laws and cousins need to be formulated. In all cases, people must be hired because of their ability to contribute to the business not because of their family connection.
- **What criteria will be used to determine eligibility?** Guidelines should state the age, education and experience required. Some farm families believe that on-farm training is sufficient. Others see the advantage of having family members exposed to other experiences. Whatever the preference, expectations need to be spelled out.
- **Is there a job opening?** Family members should be brought in to do a job that clearly serves the purposes of the business. Creating a meaningless job just because a family member wants to work in the business can lead to resentment among other employees and the erosion of the family member's self-esteem.
- **Who will supervise?** Having one family member supervise another can be difficult. New family members should be supervised, if possible, by a non-family employee. This facilitates better training and more honest feedback.
- **How will the employee be held accountable?** Once in the business, is a family member assured of continued employment no matter what? It's far better to have in place a system of performance appraisal and compensation commensurate with fair market value.

Code of Conduct

Just as many businesses find it useful to have a code of conduct for their employees, so many family businesses find it useful to have a code of conduct for the family. Such codes aren't meant to be a list of "Thou shalt" and "Thou shalt not." They're meant to reaffirm what's important in conducting family business affairs and remind members of their commitment to each other.

Codes of conduct differ from one family business to another — each should be designed to suit the individual family's needs and situation — but they tend to have features in common. Here are some of the issues that might be addressed in a family code of conduct:

- the need to respect each other
- the need to treat each other fairly
- the relative importance of family harmony and loyalty (some families may see this as being paramount; others may not)
- the relation of the family to the business. An example might be "What is good for the company is good for the family"
- the need for open, professional communication
- the need to keep family differences out of the business
- the right of family members to speak up and express themselves
- guidelines for handling conflict
- policies on substance abuse and safety

This list is not exhaustive. Many other topics could be addressed in a code of conduct according to what suits a particular family. What is important is that the code be understood and accepted by all members.