



Enterprising Rural Families™

An Online Newsletter June, 2006 Volume II, Issue 6

“New Thinking Needed by Today’s Family Businesses”

Randy R. Weigel, Professor and Extension Human Development Specialist,
University of Wyoming

...technical knowledge and skills will be essential with the growing complexity of business. But technical skills and knowledge are not expected to be the core source of strategic competitive advantage. The skills needed to be successful in the future are more likely the human/personal skills—skills like negotiation ability, creativity and innovation, vision and strategic thinking. These critical skills are more difficult to develop, but those businesses that do so are expected to have a sustainable strategic competitive advantage in the changing world of today’s [family businesses.]¹

During the twenty-first century, the family business industry will witness dramatic change. For example, in the agricultural industry of the family farmer, traditional production strategies that served producers so well in the past will not be enough to ensure future success. Already we are seeing evidence of this change. Agriculture is shifting from a production-driven to a consumer-driven industry, moving from a broad commodity industry to one with specialized products. Biotechnology and genetic engineering are creating radically new or modified products. Global markets are opening up opportunities and challenges for American agriculture.

The U.S. Small Business Administration states that tomorrow’s small business operators will need multiplistic or strategic thinking skills. That is, they must be able to see the big picture—opportunities, challenges, and niches—as well as develop the day-to-day strategies to make it happen.²

Strategic thinking involves studying the environment through an intuitive, visual, and creative process resulting in an understanding of the emerging themes, issues, patterns, and opportunities.³ The ultimate value of strategic thinking is to ensure that the business remains viable, profitable, and sustainable in a changing world. Strategic thinking is sometimes difficult for business owners who are often consumed by the day-to-day operation. Fortunately, there are techniques that can improve strategic thinking skills.

Read...read...read.

Tom Peters, author of *In Search of Excellence*, is a voracious reader. He immerses himself in topics he knows little about in order to understand emerging societal trends. Business operators can begin to learn as much as they can about topics directly and indirectly related to their business—economics, sociology, technology, genetics, political theory, world events. Following Peters’ example, reflect on how trends in these areas may be an opportunity for you and your operation.



Always ask questions.

Strategic thinking is intuitive. It is asking important questions about the future of your business. Ask yourself the following questions regularly:

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

WHY HIRE MORE EMPLOYEES?

Labor intensive businesses may need the availability of more labor to be successful. However, many family managers are reluctant to bring employees into the operation. Adding or increasing employees adds responsibility and paperwork.

But what are some of the advantages of adding employees? You may:

- Use capital and overhead more fully
- Procure expertise needed for new technology or new enterprises
- Improve product quality and timeliness of operations
- Reallocate more of owner’s or general manager’s time to marketing, input sourcing, financial and industry functions
- Reduce personal stress and pressures on current staff
- Create more opportunities for business growth and personal growth of current staff
- Reduce risky behavior and dangerous conditions in the work environment
- Free some of owner’s or manager’s time for leisure, health, social and family activities.

Regardless of why hired help is needed, managing people up and down the line in the business is worth doing well.

(Source: *Ag Help Wanted*)



Continued from page one – “*New Thinking Needed by Today’s Family Business*”

What will the future hold?

(How is the world my business faces changing?)

What are people seeking, hoping for, expecting?

(Why do consumers buy my product or service?)

How will people cope with and benefit from changes in the future?

(How may consumers’ needs for my product change?)

What are the ways of preparing for the future?

(What must I absolutely, positively, do to succeed?)

Study your neighborhood.

Farmers along Utah’s Wahsatch range were concerned about population growth, development and encroachment on their agriculture land. But rather than take a defensive attitude, they developed the slogan, “Don’t fight them, feed them.” Farmers’ markets and niche products such as organic produce emerged to feed a growing urban population.

What changes are taking place where you live? Is the population getting older or younger? Are the demographics changing? What opportunities are available for your product? Is there an increase of small acreage operations in your area, for example, and how might you serve them? Continue to pay attention to the world around you for possibilities.⁴

Visualize problems.

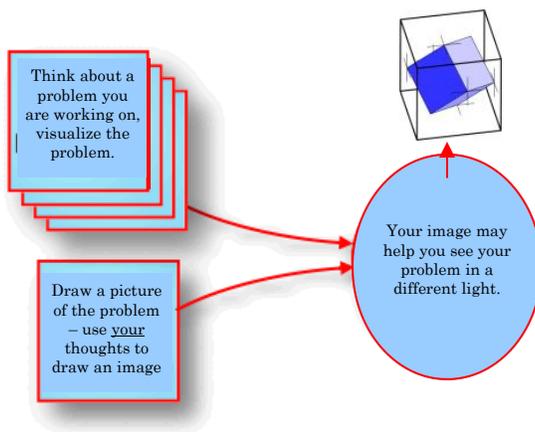
Learn to use pen and paper as an extension of your mind. Think about a question or problem on which you are working. If you were to draw a picture of it, what would it look like? Take a pen and create a picture or image of the situation. Use your own thoughts to direct your drawing and enhance your understanding. The insights or new thoughts that appear may surprise you. This technique can help you learn to see things in a different light.

Write your future history.

The technique of futures history writing builds on the concept of the “future present moment,” the capacity to put ourselves into a specific time and place in the future, and to imagine that future as if it were the present. For example, through your imagination, a possible future has happened. While visioning the future place and time, ask the question, “how did all of this come about?” Or, “how did it happen?” This technique provides a vantage point of looking backward to the present to speculate what happened to bring about an intended future. By using our imagination, a multiplicity of events and alternatives are brought into consciousness.

Map your operation.

Operational mapping is a technique that shows the network of direct and indirect influences on a business. To try it, take a sheet of paper and write your operation or product in the middle. Then, create a spider web network by identifying all your contacts including customers, clients, competitors, suppliers, processors, partners, and complimentary products. Expand the spider web by adding players that have direct interaction with the entities you have identified; these are the indirect relations to your operation. Keep expanding the network until the outer entities have no connection to your operation.



An operational map creates a broad picture of your business environment. Though this technique may appear strange, it explains what is happening around you. Once you realize the full network surrounding your operation or product, you can take advantage of future opportunities.⁵

Those who prosper in this future, complex environment of the family business must adapt to a rapidly changing environment and be willing to challenge their comfort zone. Family business operators, decision makers and business leaders must use strategic thinking to create competitive advantages rather than protect the old ones.

The significant problems we face today cannot be overcome with the same level of thinking which caused the problem.

Albert Einstein

Author: Randy R. Weigel, Professor and Extension Human Development Specialist, University of Wyoming

References:

1. Boehjle Michael, Steven Hofing, and Christopher Schroeder. "Farming in the 21st Century," Purdue University, [http://www.centrec.com/Articles/21st Century/farming_21_century.pdf](http://www.centrec.com/Articles/21st%20Century/farming_21_century.pdf)
2. U.S. Small Business Administration. "Forecasting for Growth," <http://www.sba.gov/managing/growth/forecast.html>.
3. Sanders, Irene. *Strategic Thinking and the New Science*. New York: The Free Press, 1998.
4. Weigel, Randy. "New Thinking Needed by Today's Agriculture Producers," *Proceedings: Young Beef Female Management Program Initiative*. Laramie, WY: University of Wyoming Cooperative Extension Service, 2002.
5. Wells, Stuart. *Choosing the Future: The Power of Strategic Thinking*. Boston, MA: Butterworth-Heinemann, 1998.

Read ...

Always ask questions ...

Study your neighborhood ...

Visualize problems ...

Write your future history ...

Map your operation ...



Enterprising Rural FamiliesTM

June, 2006 Volume II, Issue 6