



Enterprising Rural Families™

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:

WRITING A BUSINESS PLAN

A business plan outlines the basics of a business concept: the business's mission, objectives, products or services, management, and the basic marketing and financial plan. It is the document designed to reveal whether or not a business idea is workable.

Doing the research itself to complete the business plan can be eye opening and help you make many decisions, including avoiding mistakes and pitfalls.

Here are some of the things readers of a business plan will look for:

- Is the business idea viable?
- Are its products or services new, unique, or in some way better than current offerings?
- Does the business create or cater to a new market?
- Are the cash flow and sales projections realistic?
- Can the business be profitable and service its debt?
- Does the business truly understand and place priority on customer needs?
- Is the business concept clear, focused, and intelligently presented?
- Is the business concept based on sound research and analysis?

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Six Steps to Easier Decision Making and Problem Solving in A Family Business

by Lorne Owen and Judy Carter

The ability to solve problems and make decisions is vital to the smooth running of any family business, especially if several family members are involved in the business. Improving a family's problem solving and decision making technique does not require a Doctorate degree, however. All that is needed is a willingness to try a few new tricks. Below are six simple exercises designed to make problem solving and decision making easier:

Assumption Analysis

When people disagree, it is often because they hold different assumptions. If, for example, a child taking over the family business sees it as a business ripe for diversification or expansion and the parents see it as the enterprise which will provide for their retirement income, disagreements are inevitable. Before agreements can be reached, the parties in conflict must identify the underlying reasons for their disagreement. They need to understand each other's point of view.

People's points of view are based on a combination of facts, emotions, and personal beliefs or values. One of the fastest, most effective ways to solve a problem is to get each party to describe, ideally in writing, their underlying assumptions, feelings, and values. Once the alternative assumptions, feelings, and goals are out in the open, they can be discussed. They can be analyzed to see if they are accurate, valid, reasonable, or financially viable. Time spent exploring assumptions and underlying feelings can greatly reduce the time and effort required for the team to solve problems and make decisions



Change Hats

Members of a family business often get locked into their respective roles. Each person takes essentially the same position every time there is a problem or decision to be made. The solution is to change hats.

First, find or make several different colored hats. Let the blue hat represent control. Let green stand for creativity and new ideas. Let red stand for anger and resentment. Let purple represent the soft, caring, emotional perspective. Let white represent objectivity and the wearer seek facts and truth. Let grey stand for hunches and intuition or indifference. Let the sunny yellow hat be for hope, optimism and positive thinking. Let the black hat stand for pessimism and negativity. (Other colors may be added as desired.)

When the family tackles a problem, give everyone a hat and have them play that role. Get Dad to exchange his blue "in control" hat for the purple "emotional" hat. Let Mom try the red hat. Let the baby of the family wear blue. Have fun. Rotate hats and roles. See what it feels like to be in someone else's shoes. Be sure to share the green hat. Be as creative in coming up with new ideas.



Allow each person to speak to the issue based on the color of hat they are wearing. This gives them insight into how other family members may be thinking or feeling. It also shows them they do not have to take the same approach to problems and decisions every time. It allows them to explore several other colorful options. By breaking out of old ruts, members of the family business are able to speed up and improve the solutions and decisions at which they arrive.



Alphabet Soup: Articulate, Brainstorm, Choose criteria, Evaluate options, Decide what steps to take

When dealing with a group, as with a multi-family, multi-generation business, the first and in many ways the most important step is to articulate what is the problem. Hold a round table discussion. Then have everyone write down a sentence outlining his or her understanding or view of the situation. Share these statements. Discuss similarities and differences. Then write a single statement which spells out the group's understanding of the problem to be solved or the decision to be made.

Next, brainstorm. Dream up all the possible options that come to mind. Make sure everyone has a chance to speak. Do not evaluate the feasibility of any of the ideas while brainstorming is in progress. Entertain all suggestions, no matter how outlandish they seem at first. Sometimes the craziest ideas give rise to brilliant solutions. List all the options on a large sheet of paper so everyone can see them. Do not forget to include “Do Nothing” as an option. Discuss the options. Get additional information or clarification, if necessary.

Third, determine what criteria an option must meet to be selected. Use objective criteria such as price, efficiency, effectiveness, scientific research, professional qualifications, equitability, or legal precedents. Other factors to consider are safety, whether the choice could be reversed later on, and consistency with family goals and values. Of course un-objective criteria like “Dad has to like it” may also be included.

Fourth, evaluate the options listed. Try to envision each one's outcome. Discuss the long-term ramifications of each. Discard options which are not reasonable, realistic, or viable. Look for win-win solutions.

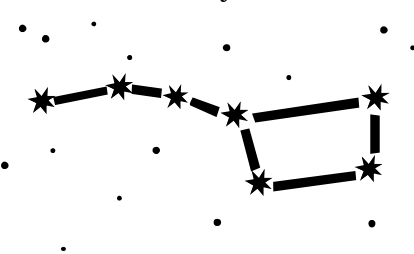
Fifth, decide which option is best, based on the criteria selected. Often, the best course of action is obvious. If it is not, re-examine the definition of the problem. Once an option has been selected, put together an action plan. Decide who will be responsible for what activities and set deadlines. Last, set a date for a follow-up meeting to ensure progress is actually made.

4 + 1: Ask an outsider

Take a typical family business: Mom, Dad, one child and their spouse. If they communicate well and work well together they will typically come up with far better solutions and decisions than any one of them would develop alone. If they want to go one step further toward even better solutions and decisions, their best bet is to seek advice from an outsider who knows little or nothing about their business.

Problem solving and decision making research has shown that if an outsider who has little or no expertise about the issue in question is asked to help, the results produced will be consistently superior. That is because non-experts ask basic questions like “Why do you do things this way?” This prompts the experts (in this case members of the family business) to examine their assumptions and time-worn traditions. It helps them look at their enterprise in a new light. It also encourages them to study their options more critically and consider creative solutions.

Set Priorities by the Stars



What happens when after brainstorming and developing a range of options, the team realizes it has more choices than time and resources? The team must then prioritize. The risk with conventional decision making is that the loudest voices have the greatest impact. The solution is to buy a box of children's multi-colored sticky stars (dots or Post-It notes will also work). List all the alternatives on a large piece of paper. Give everybody the same number of stars—at least one-third as many as there are options to choose from. Pre-determine what the color of each means. For example, let red represent “must have” or “my first choice.” Let yellow mean “nice to have, but not essential” or “second choice.” Let green stand for “not really important right now.”

Have family members rank the options by sticking the colored stars where they want. If desired, allow people to put more than one star beside any option. Using this technique, the picture of the group's priorities which emerges is crystal clear and decisions can be made democratically.

The Head and Heart, Grid and Guts Combo

Another approach to ranking priorities and making decisions is to weight the criteria under evaluation. Suppose the business is planning to hire a new employee or buy a new tractor. The owner may feel that applicants'

previous job experience is far more important than their education. Others may feel that compatibility with existing equipment, reliability, and down-time for repairs are more important than horsepower, brand name, warranty, or cost.

The solution is to list all the criteria selected as important. Then, either rank them in order of descending importance or assign each a score for its value. For example, the team might decide that compatibility is worth 10 points, reliability and down-time are worth 7, horsepower and cost 5, warranty is worth 3, and brand name worth 1. Similarly, experience might be worth 10 and education 4. Do the arithmetic. The person or tractor which meets the criteria will be clear.

Unfortunately, straight arithmetic does not necessarily yield the best choice. It fails to take gut feelings and intuition into account. An option may have the highest overall score but may not feel right. A happy compromise and wise decisions can be reached if the team selects the top three options using the arithmetical grid and from those three choices let their hearts decide which alternative “feels right.”



(Decision making and problem solving in a family business is covered in greater detail in the **Enterprising Rural Families: Making It Work™** on-line course.)

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“Heads, we pour massive amounts of cash into research and development, revolutionize our industry and become bigger than Microsoft, Ford and Dell combined. Tails, we grab a quick lunch, leave early and go fishing.”

DECISION MAKING AND PROBLEM SOLVING IS A BIT MORE COMPLEX!

The following six steps are designed for effective, family business problem solving and decision making.

1. **Assumption Analysis:** vocalize and understand one another’s opinions and points of view
2. **Change Hats:** let each family member ‘try out’ various positions in the business
3. **Hold a ‘Round Table’ Discussion:** articulate, brainstorm, choose criteria, evaluate options, decide on what steps to take
4. **4+1:** Seek advise from an outsider
5. **Set Priorities by the Stars:** prioritize by color ranking issues on a visible chart to make decision making more clear
6. **Head, Heart, Grid and Guts Combo:** if a decision does not “feel right” reconsider your top options, then let your hearts decide which alternative “feels right”



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