

# Communication and Conflict in Succession



1

## Partnering Organizations



NORTH CENTRAL  
REGIONAL CENTER  
FOR RURAL DEVELOPMENT

**NC STATE**  
UNIVERSITY



**PURDUE**  
UNIVERSITY®

Institute for Family Business



2

## Purpose:

Succession planning encompasses many emotional and financial aspects of a family and a business, making decisions and moving forward more difficult. This research-based curriculum with comprehensive handouts integrated will give participants the confidence they need to learn strategies for moving succession forward with their property or business. Both soft and hard skills are covered in the materials and will empower owners to develop and implement their succession plan.

Funding to develop this training provided by:



&



Farm Service Agency  
U.S. DEPARTMENT OF AGRICULTURE

3

## Primary Authors

### Renee Wiatt

Research and Extension Specialist | North Central Regional Center for Rural Development  
Family Business Management Specialist | Purdue Institute for Family Business  
Department of Agricultural Economics | Purdue University, West Lafayette, IN

### Dr. Kurt Smith

Assistant Professor of Forestry and Environmental Resources  
North Carolina State University

### Dr. Rebecca Smith

Associate Extension Professor | Mississippi State University Extension

4

---

**Enter presenter information on this slide**

5

---

## **Important notes before we begin:**

These materials are intended to present general information on succession planning.

The information may not be applicable to every state or territory.

These materials do not provide legal advice. Specific advice should be obtained from an attorney or another professional well versed in the facts and circumstances related to the individual seeking advice and the jurisdiction where the property is located.

6

---

## **PROTECTING YOUR INFORMATION**

- No personal stories
- General questions are welcome
- Personal questions should be asked outside of the group setting

7

---

## **Warm Up and Introductions**

8

## ICE BREAKER

Let's invest a minute to get to know each other...

Take a minute and write down

1. Your favorite food
2. The most interesting place you have ever visited
3. One interesting fact about yourself nobody in this room would know



9

## SHARE WITH YOUR BREAKOUT ROOM



10

## Defining Succession Planning & Estate Planning

When we say:	We are referring to:
Succession Planning	The plan for transfer of management (decision-making abilities and authority) and/or ownership (shares, farm or forest assets, etc.) during the life of the owner(s)
Estate Planning	The plan for transfer of personal assets and property that will transition after the owner's life to designated beneficiaries

11 \*Disclaimer: The terms *Succession Planning* and *Estate Planning* are defined differently depending on state/region. However, for use of this training, the definitions above are implemented.

## Defining Generations and Roles in Succession

When we say:	We are referring to:
Successor	The junior generation in the land/business, next individual(s) who will manage and/or own the land/business
Incumbent	The senior generation in the land/business, current owner/manager of the land/business

12

## Defining Businesses and Land

When we say:	We are referring to:
Businesses	Entities that could be farms, an LLC, sole proprietorship, land in a trust, corporation, company, and/or partnerships
Land	Any type of land, including but not limited to forests, bare land, vacant land, farmland, pasture, and land with buildings/barns

13

## TOPICS TO EXPLORE

<b>MODULE #1: COMMUNICATION AND CONFLICT IN SUCCESSION</b>	Why are we fighting?
	Incumbent and Successor: Commitment to the Process
	Conflict Modes and How to Use Them
	Conflict Example
	Resolution in Succession

Purpose of Module #1

To better understand why conflict occurs in succession, explores communication styles and strategies of dealing with conflict in the succession process.

14

## Why are we fighting?

15

## WHY IS THERE SO MUCH CONFLICT IN SUCCESSION?

- Family legacy
- Large amounts of assets
- Mixing business and family
- Communicating across generations
- Different values
- Different conflict styles
- Misaligned goals
- Lack of communication
- Emotions can run high!
- Not always a fair/equitable/equal way to distribute the farm/property to the next generation
- **Ambiguity** in the succession plan (timeline, who will control what, what everyone will receive)

16

## HANDOUT: FB-BRAG FUNCTIONING ASSESSMENT

Let's take a few minutes to assess the functioning of your family/business!  
Refer to page 3 where the assessment grid is located.

*Scores range from dysfunctional to highly functional.*

EC-813-W The FB-BRAG: A Functioning Assessment for Family Businesses

**Table 1. FB-BRAG: A Functioning Assessment for Family Businesses**  
Place a check mark in the box that corresponds to the answer of each question.

1. How often are you satisfied that you can turn to people at home and work for help when something is troubling you?					
2. How often are you satisfied that others in your family and business accept and support your ideas or thoughts?					
3. How often are you satisfied with the way others in your family and business share time together?					
4. How often are you satisfied with the outcome when a decision has to be made in favor of what is best for the family versus the family business?					

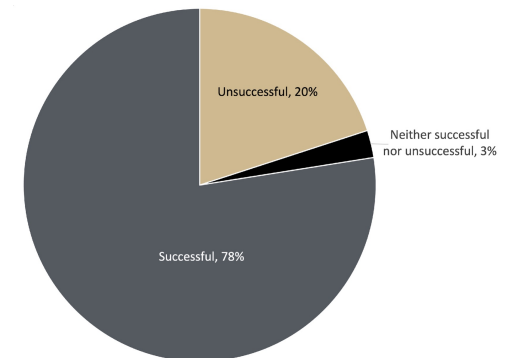
Example: Total score = 8 pts. Moderately dysfunctional

17

You inherited the business from a family member.  
How successful did you perceive that transfer?

Most cited reason for being:

- Unsuccessful: The process was not what I expected
- Successful: I felt certain and secure on the timeline for succession and who was to be included



Source: 2023 North Central Region Farm Succession Survey (Wiatt, Marshall and Langemeier)

18

## HIGHLY FUNCTIONAL FAMILY (AND/OR BUSINESSES)

Foster a culture in which:

- People in the family (and/or business) can turn to each other for help when something is troubling them
- People in the family (and/or business) feel that others accept and support their ideas or thoughts
- People in the family (and/or business) are satisfied in the way that others in their family (and/or business) share time together
- People in the family (and/or business) are satisfied with the outcome when a decision must be made in favor of what is best for the family versus the business or other commitments

19

## Incumbent and Successor: Commitment to the Process

20

## DEFINING GENERATIONS: HOW DO WE DEFINE INCUMBENTS AND SUCCESSORS?

**Incumbent:** senior generation in the farm or forest business, control majority of the ownership and/or management of the farm or forest, the owner, or holding generation

**Sandwich generation:** the generation in between

**Successor:** junior generation, individual(s) looking to take over the management and/or ownership of the farm

21

## ADAPTING ROLES FOR INCUMBENT AND SUCCESSOR

In succession:

- It's not only about changing roles, but also about a change in self-understanding of the people involved
- Incumbent is the one that initiates the transition process
  - They must realize the need for the transition to the next generation

22

## GOALS OF INCUMBENT AND SUCCESSOR

- Incumbents often seek a fit between their own personal values and preferences and the characteristics of the successor
- Incumbent and successor are mutually dependent; both parties need to acknowledge each other's goals and concerns
- It is critical to make the goals, considerations, and fears of both sides clear and explicit; if understanding is lacking, it is difficult if not impossible, to close the deal to the satisfaction of both parties

23

## GOALS OF INCUMBENT AND SUCCESSOR

**“The continuity of a family business depends on the capacity of the family who owns the company to reach unity and commitment between its members.”**

**-Gallo and Amat, 2003**

24

## QUALITIES ESSENTIAL TO A SUCCESSFUL FAMILY (AND BUSINESS)

- Shared values
- Shared power
- Tradition
- A willingness to learn and grow
- Strong family ties
- Commitment

25

## TYPES OF COMMITMENT

Calculative Commitment	Choice to join the business will benefit or “pay off” for successor	“Ought to” join the business
Affective Commitment	Desire to pursue the business as a career, wants to join the business	“Want to” join the business
Normative Commitment	Successor feels an obligation to join the business	“Need to” join the business

26

## Conflict Modes & How to Use Them

27

## WHAT IS CONFLICT?



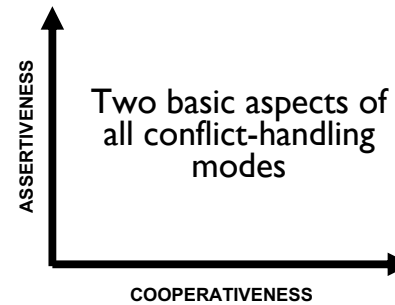
## RESOLUTION



- Is an outcome, not a specific process
- The condition of the parties and their resources after a conflict is put to rest
- Returns parties to productivity and coordination
  - Coordination is based on relationships
- Brings parties to address their relationship and resume coordination

29

## What Determines Conflict Modes?

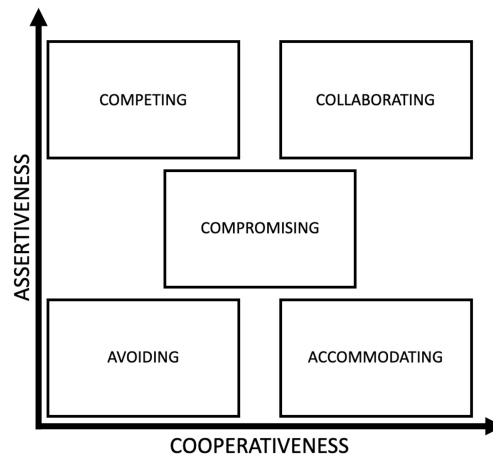


**Your Conflict Mode =  
Skill + Situation**

30

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## The Five Conflict-Handling Modes



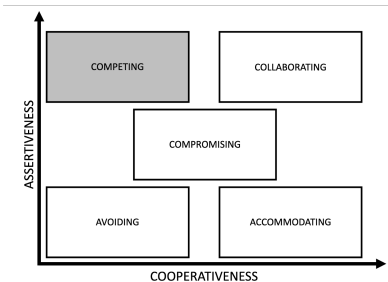
31

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## #1: COMPETING



“Might makes right”



- Taking quick action
- Making unpopular decisions
- Standing up for vital issues
- Protecting yourself

32

© Thomas-Kilmann Conflict Mode Instrument (TKI)



## WHEN TO USE THE COMPETING STYLE

When to use competing style in general:

- A quick, decisive action is vital—for example, in an emergency
- On important issues when unpopular courses of action need implementing—for example, cost cutting, enforcing unpopular rules, discipline
- On issues vital to company welfare when you know you're right
- You need to protect yourself from people who take advantage of non-competitive behavior

33

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE COMPETING STYLE

How and when to use the competing style in succession:

- To stand up for non-negotiables (for each generation) in the succession plan
- To be sure that your voice is heard in the planning process

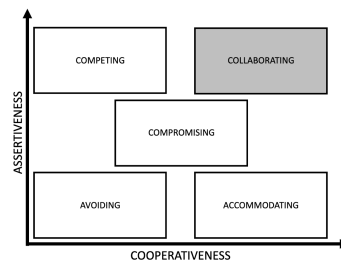
34

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## #2 COLLABORATING



*"Two heads are better than one"*



- Integrating solutions
- Learning
- Merging perspectives
- Gaining commitment
- Improving relationships

35

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE COLLABORATING STYLE

When to use COLLABORATING style in general:

- You need to find an integrative solution
- The concerns of both parties are too important to be compromised
- You want to merge insights from different perspectives on a problem
- When you need to work through hard feelings that have been affecting a relationship

36

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE COLLABORATING STYLE

How and when to use the COLLABORATING style in succession:

- USE THIS STYLE A LOT IN SUCCESSION!
- Succession is such an important process; the collaborating style is priceless
- To maintain both the family relationships and the farm/forest/property

37

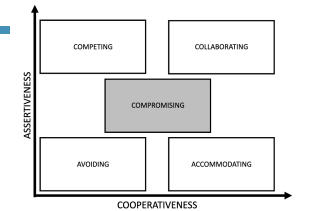
© Thomas-Kilmann Conflict Mode Instrument (TKI)

## #3 COMPROMISING

- Resolving issues of moderate importance
- Reaching resolution with equal power and strong commitment
- Creating temporary solutions
- Dealing with time constraints
- Backing up competing/ collaborating

*“Split the difference”*

38



© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE COMPROMISING STYLE

When to use COMPROMISING style in general:

- When goals are moderately important but not worth the effort or the potential disruption involved in using more assertive modes
- When two opponents with equal power are strongly committed to mutually exclusive goals
- When you want to achieve a temporary settlement of a complex issue
- When you need to arrive at an expedient solution under time pressure
- As a backup mode when collaboration or competition fails

39

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE COMPROMISING STYLE

- How and when to use the COMPROMISING style in succession:
- Use with caution and very sparsely in succession
- Avoid when issues are important to both parties; resentment will ensue after decisions have been made if there is too much compromise from any generation

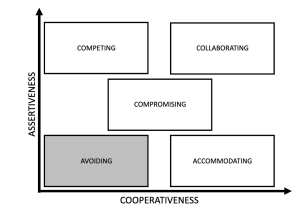
40

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## #4 AVOIDING



- Leaving unimportant issues alone
- Reducing tensions
- Buying time
- Knowing your limitations
- Allowing others ownership
- Recognizing issues as symptoms



*“Leave well enough alone”*

© Thomas-Kilmann Conflict Mode Instrument (TKI)

41

## WHEN TO USE THE AVOIDING STYLE

- When to use AVOIDING style in general:
- When an issue is unimportant
- When you perceive no chance of satisfying your concerns
- When the potential costs of confronting a conflict outweigh the benefits of its resolution
- When you need to let people cool down
- When gathering more information outweighs the advantages of an immediate decision
- When others can resolve the issue more effectively
- When the issue seems symptomatic of another, more basic issue

42

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE AVOIDING STYLE

- How and when to use the AVOIDING style in succession:
- Use with caution and very sparsely in succession – succession is too important to avoid
- If you avoid when issues are important to both parties; resentment will ensue after decisions have been made if there is too much not discussed

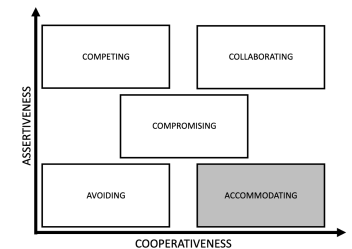
43

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## #5 ACCOMMODATING



- Showing reasonableness
- Creating goodwill
- Keeping “peace”
- Retreating
- Maintaining perspective



*“It would be my pleasure”*

© Thomas-Kilmann Conflict Mode Instrument (TKI)

44

## WHEN TO USE THE ACCOMMODATING STYLE

- When to use ACCOMMODATING style in general:
- When you realize that you are wrong
- When the issue is much more important to the other person than it is to you
- When you want to build up social credits for later issues that are important to you
- When you are outmatched and losing, and more competition would only damage your cause
- When preserving harmony and avoiding disruption are especially important
- When you want to help your employees develop by allowing them to learn from their mistakes

45

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## WHEN TO USE THE ACCOMMODATING STYLE

- How and when to use the ACCOMMODATING style in succession:
- Use with topics in succession that are unimportant to you (potentially who gets a particular asset)
- Do not accommodate when issues are important to both parties; resentment will ensue after decisions have been made if there is too much accommodation

46

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## APPLYING THE CONFLICT MODES

- Each of us can use all five conflict-handling modes
  - Each has its place, depending on the situation
- Your conflict mode behavior in your family and business is therefore a result of both your personal predispositions and the requirements of the situation in which you find yourself
- You can have different "default modes" for business vs. family

47

© Thomas-Kilmann Conflict Mode Instrument (TKI)

## Conflict Example

48

48

## CONFLICT SCENARIO

Trish has joined the family hog operation with hopes of one day owning and managing the business. With no other siblings interested in joining the business, she seems the obvious successor.

After 15 years of being an employee and no plans or discussion of Trish taking over the business, she applies for an outside job. Her parents are devastated at the news; they always assumed that Trish would take over the business when they decided to retire.

What could have been done to avoid this issue altogether?

49

## CONFLICT SCENARIO INSIGHT

- **What could have been done to avoid this issue altogether?**
- *COMMUNICATION!*
- Sometimes, you do not have to avoid the conflict; it can be mitigated altogether. With proper communication, planning, and discussion, roles and expectations can be clarified, and conflict will not be created.

## Resolution in Succession

51

## GETTING TO RESOLUTION



Resolution may not always occur



When you do (X) in situation (Y), I feel (Z)

Ex: When you don't return my calls after I leave you a message about our contract, I feel like my concerns are not important.



Have an attitude of resolution

52

---

## GETTING TO RESOLUTION IN SUCCESSION



**Communication** is required



Realization that succession will take **time**



**Outside** help can be needed



**Commitment** to the process is necessary

53

---

## Questions

54

54