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**Title:** Conflict in Land-Based Family Businesses  
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The land-based family business represents many things to a family member who has inherited or will inherit part of the farm, ranch, vineyard, forest, dairy, or plantation:

- The land is the homestead, the parents' or grandparents' home, or a compound setting where several relatives live, maybe even complete with a family cemetery
- Hired hands, long-term employees and their families, and the veterinarian are extensions of the family
- It is the place of harvest, fishing, hiking, planting, pruning, disasters endured and survived, holidays, beautiful sunsets, summers with cousins, horseback riding, weeding, fence-mending, hunting, roundup, livestock sales, and many family gatherings

It is more than a business; it is a family's sense of place in this world—the physical ties to the earth creating a deeper connection to the family's identity than many other types of companies. The family is bound together as a family through the business that is supported by the land, and then by a commitment to sustaining this land and caring for it. Perhaps as much as any family business, a land-based family business engenders in its owners a passionate identity of being a steward.

Thus, the emotional attachment to these businesses among families with remote members is very strong, which can be a good thing for connectedness yet also represents a great potential for conflict. The types of conflicts we often see in land-based businesses include these:

- Non-operating family members may resent those with homes on the land who have greater access to it and all the associated amenities, free housing, employee assistance with maintenance, access to vehicles and fuel, use of equipment, the recreation opportunities the grounds provide, and recognition as the owning family, even though there may be many non-operating, remote shareholders.
- From the perspective of those who live at the family business, they are the ones with the burden of always being the hosts during family gatherings, with the assumed expectation by those who live away from the business that they will be the center of attention for the duration of their visit.
- Even among those who operate the business, there are conflicts when some live on the premises and others do not. The number of hours and level of commitment put into working the business, plus being on call or always the first to respond to a problem, is perceived to be a much greater contribution than that of those who live off-site and commute every day.
- The emotional connections to the land may at times seem irrational to those in the family who primarily look at the business through a commercial lens. Land, more than just a business, represents the core essence of individual identity to those who spend their careers working in a land-based family business. The fact that many land-based business owners consider themselves first and foremost farmers sometimes conflicts with any additional business that may have developed out of the original core business. For example, a vineyard is a straightforward agribusiness—a farm. But, a grape-growing family that produces a successful wine will likely move the business from strictly agribusiness into winemaking, which also means branding, distribution, and sales. While the fundamental agribusiness is still the core business, the shift to a winemaking

business may leave the original “farmer” on the outside of the power circle, with little knowledge or expertise to manage effectively. This phenomenon challenges not only expectations of family leadership succession, but the core identity of the family: “Are we primarily a farming family or a winemaking and marketing family?”

- Generational transition of land-based family businesses can be particularly challenging, as capital is usually tied up in the hard assets of the land itself and only becomes liquid upon the sale of this asset. Without careful preparation, discipline, and planning, the financial burden placed on the next generation to pay taxes, fund the security of the retiring generation, and continue to operate often works against the hope of keeping the business in family hands.
- In addition, the limited return on operations compared to the market value of the land can be a significant source of stress within the ownership group. Owners who do not live and work on the land may feel that the only way they could get a return on their investment and meet the commitments of transition would be to sell some or all of the land. Operating owners find such a prospect highly threatening, not just because of diminished access to operating assets and capital represented by a partial sale, but because their identity, their home, and their way of life may be at risk.

While many land-based businesses are often unable to pay significant dividends, many are uniquely able to provide psychological dividends, e.g., the opportunity to participate (or just be on hand) during harvest, access to the land for recreational or retreat purposes, special residences or lodges for family visitors, equipment on hand that goes beyond the needs of the business (fun), and opportunities to engage in ecological projects. Land-based businesses provide a special opportunity for all owners to participate as stewards and to remain highly connected to the business. A holiday dinner attended by the extended family on land that has been in the family for generations can generate commitment that other business enterprises would find difficult to match.

Even with the advantage held by land-based family firms of providing psychological benefits to shareholders, the firms are just as susceptible to failure due to unmanaged conflict as their counterparts in other industries. As we have suggested, the sources of conflict in land-based businesses may be somewhat unique, but the need to invest in preventing destructive conflict and resolving conflicts that emerge is the same as in all family firms. Advice frequently seen in issues of *The Family Business Advisor*® on maintaining open lines of communication would apply just as much to land-based businesses as to those in other industries. In addition, readers may be interested to know that there are some resources available that are specifically aimed at the needs of land-based businesses. A good one with which we are familiar is the Heirloom Scale developed by Mark Green for the Ties to the Land Project at Oregon State University, which helps family members have frank conversations with one another about the nature of their emotional attachment to any given piece of land. For more information on this excellent tool, please refer to the following website: ( <http://www.familybusinessonline.org>)

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