



By Dale McDonald

Generation next

There are many ways to make room for the kids

Each time the next generation grows up and decides to join the family business, crucial decisions must be made. How can we expand the business enough to make room? Who will be responsible for what? How do we handle compensation? With siblings, how do we promote cooperation and avoid the pitfalls of competition?

While there's no magic wand, no sure-fire right way or wrong way to bring the kids home, there is a certain amount of creativity that infuses the process and can help make the new partnership work smoothly.

Taking dramatically different ap-

proaches, the three families featured in this story successfully managed the transition from one generation to the next. Best of all, they found a way to work together where everyone got what they wanted—an accomplishment that cannot be underestimated.

Unique visions. When determining how to increase total income, the families took widely different paths. The Davis family started a brand-new business; Chris Karren used his analytical skills and an infusion of new technology to boost overall efficiency; and the Willis family stayed focused on their core operation, then grew, and grew, and grew some more.

The current Davis partnership began when Gary's father died, forcing him to look to his sons for help. At the time, Tracy was on a church mission, so Terry elected to leave votech school and return to the Malad, Idaho, ranch. When Tracy returned, they started building a new base.

"First we added 125 mother cows to the herd," Terry says, "and over time Tracy and I bought some cattle and Dad gave us each some heifers. Tracy and I also bought 100 acres for our cows that we run together. We purchase hay and pay our own way."

To boost income, Tracy works part-time off the farm, and that's where

he got the idea to build a brand new business beyond hay, grain, and cattle.

"An engineer I worked with also grew sod," Tracy says, "and he couldn't meet demand, so Terry and I decided to grow sod for him. Dad loaned us startup money, and we eased into the business."

Branding. The brothers quickly paid off the loan, then began advertising, and building their own brand. Today, the brothers are partners in Davis Sod, and their patience is paying off. They are up to 200 acres, and last summer they purchased a new sod cutter that replaced four hired hands. To keep overhead low there's no of-

►**Above:** Gary Davis is a cattlemen at heart, so he was a little skeptical when his sons decided to start a sod farm. It only took one year to become a believer. ►**Left:** Tracy Davis (left) and brother Terry formed Davis Sod as a way to expand the family business when they returned home.

rice or secretary, and business is conducted exclusively over the brothers' cell phones. They also specialize, to a degree. Terry's focus is on agronomy and production while Tracy handles most of the business and marketing.

"Even though I was thumbs down on the sod to begin with," Gary says, "It only took one year for me to realize that it was a good idea. We started out as a three-way partnership, but as soon as the boys were on their feet with the business, I asked out."

Structure. Like many family operations, the Davis farm has evolved into a blended structure. Davis Sod, and Gary Davis Farms, are separate entities, yet everyone pitches in together. During calving, for example, Terry takes half the herd, and Gary and Tracy work the other half. The boys have leased some land from their father for sod production, and they've also purchased land. To make up for the lost hay production (from the land leased for sod), Gary took a dry-land farm and converted it to irrigated hay. The 160 acres of newly irrigated hay produces enough tonnage to feed 120 head of cattle for five months.

The issue of compensation also

worked out smoothly. "When my father died and Terry came back," Gary explains, "I didn't really have to make room for him because there was my father's income available. Then when Tracy returned he worked part time, we expanded the cattle herd, and the sod farm also started up.

"The partnership works because Terry and Tracy have proved themselves," Gary says. "I trust them completely, they have good judgement, and they are hard workers."

Analysis and technology. When Chris Karren returned to his father's farm near Lewiston, Utah, the first thing he did was put his newly earned finance degree to work.

"My dad encouraged me to go to college and see what else was out there," he says, "but I wanted to come back and take the chance on farming. It turned out that I could contribute."

When Chris returned in 1997, his father and a partner had 1,500 acres of wheat, corn silage, and alfalfa. Over the next four years they doubled the acres to 3,000, and made a number of other significant changes.

First, they dropped the conventional tillage system and converted to a one-pass tool, providing huge savings on diesel fuel. Adding GPS technology, Chris says, saved time, fuel, and wear and tear on the equipment. When fertilizer prices jumped up, they began composting raw chicken litter in an agreement with a local poultry farm. ◊



►**Above:** Chris Karren used a combination of financial analysis and new technology to boost efficiency. Laser-leveling, using their own equipment, is one of the ways he accomplishes that. ►**Left:** Karren dramatically reduced tillage. Here grass hay emerges through heavy stubble.



And they added 300 acres of Roundup Ready alfalfa seed production.

"I spend a lot of time on analysis," Chris says, "on the business as well as the agronomics. Spreadsheets reveal how you can improve. For example, after studying yields and inputs over several years, we dropped a couple of leased farms. They weren't creating profit, they were creating work."

"We also focus on what we do well, and have other people come in and do what they do well. We don't own a baler or a silage cutter—those are capital and labor intensive operations, so we hire that done custom, and as a result we don't have any hired help on the farm. On the other hand, we have tractors for tillage, so we use them on laser-leveling operations and for composting. We also update those tractors every two years. The goal is not to lose money, time, or efficiency."

When Chris first returned home, he worked for a salary. But in 2001, Chris's father turned the books and

the management over to Chris, effectively switching roles with his son.

"I now do the management, and accept the risk and reward of farming," Chris says, "while my father moved to a fixed income from the ground I rent from him. My dad and his partner sacrificed a great deal to get this farm to the next generation, and I appreciate that tremendously. Some fathers still have 50-year-old sons under their thumb. My dad has always given his best effort to help me."

To see what's ultimately possible on a family farm and ranch, look no farther than the Willis family operation near Cokeville, Wyo. Roland and Linda may have started small, but ambition—and the return of their three sons—is altering the landscape in this corner of the state. At this time, the family has 2,000 acres of irrigated hay and grain, 2,500 acres of grass hay, 1,500 mother cows, 350 yearlings, 3,500 acres of state leases for grazing, and several thousand more acres of leased Bureau of Land Management grazing allotments. And they have no hired hands. None.

"My approach," Roland says, "was to encourage the boys to go to college, and let them know that if they wanted to come back we would have something for them. I wanted that family operation, and they all wanted



a life on the ranch, too. Those boys have been good hands since they were really young. I mean grade school.

"The biggest challenge, of course, is making sure that everyone is happy, so we got together and sorted out who would do what. James prefers the crops and hay, so he's in charge of that. Jordan prefers the livestock side, and Jed likes both. He's the swing man. The three of them decide who does what each day, and they've learned how to figure that out pretty much by themselves."

Catalyst. As the oldest, James was the first catalyst for change.

"When I came back from college," James says, "I think there were about 800 cows and one center pivot, and we began converting sagebrush land to irrigation. That next pivot was number two, and I just put in number 12. We haven't stopped growing yet, but in the future I think we'll eventually hit a size where our focus shifts to efficiency," he continues. "There's a

►**Above:** All three Willis brothers joined the family business. James (right) focuses on crops; Jed (left) serves as the swing man, while Jordan focuses on improving the beef operation. ►**Right:** The brothers have lunch with parents Roland and Linda, along with Jordan's wife, Jennie.

limit to how much one family can do."

Already, the family is looking to improve each area of the operation. James is traveling to alfalfa symposiums to learn how to maximize quality, and Jordan is the one who attends bull sales and selects sires for improved genetics. Jed, who has only been back for one year, will help Jordan with upgrading the herd.

So far, all the boys are on salary, but Roland says he's considering adding dividends to the compensation equation sometime in the future.

"The boys have worked hard," Roland says, "and I'm glad they chose ranch life. To have the family together on the ranch is very rewarding. But the women are equal contribu-



tors. When Linda and I were starting out, she just worked, worked, worked. And Jennie, Jordan's wife, has been an important contributor as well. She didn't grow up on a ranch, but she's very smart and learned the workings of a family ranch really fast."

Even Roland and Linda's daughters,

who have families of their own, pitch in when there's a need for extra help.

"Teresa and Trudy, and their families, always help when we sell calves, preg check, or brand," James says. "The ranch life is still in them and they especially like the horses. Really, I think they just like cowboying." ■