



Bull Ridin' and Business Ownin'

Advice for a successful ride and transferring your business to the next generation.

by Kindra Gordon

While attending a rodeo with his daughter, family business consultant Dave Specht saw similarity between bull riding and business ownership.

He says, "In bull riding, the key to scoring well is based on two main factors — you and your bull. If you stay on and ride well, you'll score some points, but in order to get a great score, you have to ride the toughest and meanest bulls."

Specht, who is also a lecturer in family business management at the University of Nebraska-Lincoln, says the business parallel is this: In business you may be a good leader, but if your business isn't successful or doesn't perform to its highest capabilities, you can't receive the greatest rewards either.

Planning the exit

Specht continues his analogy by noting that in bull riding, an individual knowingly ties his hand to the back of a 2,000-lb. beast and understands that there is only one way to finish the ride — and that is to dismount the bull.

"When the buzzer sounds after an eight-second ride signifying that the rider has been successful and earned a score, the most dangerous part is still to come — getting off the bull," points out Specht.

Similarly, every business owner understands he must eventually exit his business, whether planned or unplanned, whether in year one or year 35. Specht says, "Like the bull rider, the business owner figuratively 'ties his hand to the bull,' putting all of his thoughts,

efforts and resources into building and growing the business. But one of the most critical positions for a business owner is during the exit."

Specht explains that the business owner's financial assets, personal identity and social status are based on running a successful business, and when it comes time to get out, he often gets "hung up" and can't seem to let go and transition the business to the next generation.

"This inevitably leads to either emotional, financial or relationship problems for the current owner and the next generation of business leaders," Specht says.

Prepare, prepare, prepare

Specht says he believes that the best way to ensure a successful business "ride" — and exit — is through preparation.

He returns to the bull rider example, saying, "One thing that is often overlooked by attendees at a rodeo is the hours of preparation the rider goes through to ready himself mentally and physically to be up to the task of riding the bull. The rider often builds his body's resilience by lifting weights and exercising. He prepares mentally by studying film of his own past rides and of other bull riders to gain insight into how to stay on the bull as it twists, jumps and turns. The bull rider is not just some crazy guy willing to get on a bull on a Saturday afternoon."

Likewise, successful business owners must invest years of preparation, mentoring and training to develop their talents and abilities to successfully manage a business and ensure its future.

Resilience is also a key characteristic for success. Specht says, "Any bull rider who has become great has gotten bucked off many times, then gotten up and dusted off, learned from the experience, and had the courage to get back on the bull. The same can be said for business owners. They may tell you they are successful because of great ideas or novel products, but what they've all got in common is resilience."

He continues, "The ability to take failure and turn it into lessons learned is their true gift. The capacity to focus when times get tough is what sets apart a great business owner from someone who might not be at the top of his field. A successful business owner understands that problems will arise and failures will happen. But they also know they have the ability to perceive and grasp opportunity in the face of adversity."

That said, Specht offers these concluding thoughts: Whether you are a new business owner or a seasoned veteran, remember that in order to succeed you must first have the courage to strap yourself to the bull. You then must find the strength and know-how to stay on for the allotted time. Lastly, you must have the courage to know when it's time to get off as gracefully as humanly possible.

"Owning a business may feel like an eight-second wild ride, but the rewards for riding successfully and making a clean exit are well worth it, both monetarily and emotionally. Enjoy the ride!" says Specht.

For more information, contact Dave Specht via his website at davespecht.com or 402-470-7416. **HW**

Think a transition plan isn't important?

Some number crunching illustrates what's happening when successful estate and transition plans don't materialize. Nebraska data show that in 1982 there were 13,436 operators of farms under the age of 35 and 8,777 farm operators over 65 years of age. In 2007 there were 3,353 farm operators under the age of 35 and 13,062 farm operators over 65.

Put another way, in the 25 years between 1982 and 2007, the number of young farmers declined to 25% and the number of senior farmers increased 149%. University of Nebraska agricultural economist Dave Goeller suggests the demographic trend detailed in Nebraska leads to three potential outcomes. The operator or his heirs will either liquidate the operation or the operator or heirs will rent the land and equipment to the highest bidder or a successor will be found to continue the existing business.

The choice of bringing in a successor versus the first two options is going to be a major decision of the retiring operator, says Goeller. He adds that the decision about a business successor depends on whether the retiring farmer wants his life's work to continue — and takes the time to develop a plan for it to continue. If a family member is available and capable, the decision may be easier to make. But Goeller also emphasizes that a family successor is not required for the operation's legacy to continue.

If no family heir is interested or available to carry on the operation, Goeller suggests third party networks, such as Nebraska's Network for Beginning Farmers or the newly launched TIP Net launched by USDA (U.S. Department of Agriculture) (fsa.usda.gov), which are programs designed to connect young farmers with retiring farmers in an effort to ensure business succession rather than business liquidation. That said, Goeller emphasizes that planning is a necessary element needed to initiate and facilitate this transition. **HW**