



The Miller Family: Up in the Air

Summary

Kalang ranch was founded by Joe and Judy Miller. They managed the operation together for several decades, having only one child, Graham. Graham has always worked on the ranch, but was never provided the opportunity to become involved in making any of the management decisions. Joe died unexpectedly leaving Judy and Graham to keep the ranch running and figure out what to do with the business.



Family Background

Founding and Running of Kalang Ranch

Kalang ranch was founded by Joe and Judy Miller. They managed the operation together for several decades, having only one child – Graham. Graham has always worked on the ranch, providing most of the labor and management for the cow herd as Joe allowed. However, he was never provided the opportunity to become involved in making any of the management decisions for the ranch, nor was he included in discussions on ranch financial matters.

Tension Between Joe and Martha

Graham Miller has been married to his wife Martha for over 20 years. Joe never really cared for Martha, feeling that she pulled Graham's attention away from the ranch and meddled too much in the affairs of the Miller family and business. Over the years, tension between Martha and Joe increased and spilled over into Joe's relationship with his grandchildren, Joshua, Clarisa, and Jedidiah.

How to Keep the Farm Running

Joe Miller died unexpectedly five years ago. He developed pancreatic cancer and did not survive very long after the diagnosis. Judy and Graham were left to keep the ranch running and figure out what to do with the business in the longer term. Given the steep learning curve he had to climb, Graham is adamant about making sure that future transitions in the business are smoother and less stressful.



Interpersonal Issues: Joe and Graham

Joe Miller was a man of few words. He had established goals for his business and had a clear picture of the future in his mind, but he did not go to much effort to share it with others.

Even though Graham was always involved in the business, he did not feel like he had much say in how it was run.

Interpersonal Issues: The Grandchildren

For years, tension between Joe and Martha affected everyone in the family and the business; especially Graham and Martha's children.

The children were encouraged to have friends and interests off the ranch, and Joe did not like this. When the children did help out on the ranch, Joe tended to be critical of their efforts. As a result, the children did not take much of an interest in the business until after Joe died. Judy and Graham realized that the business would have to be sold when Graham was no longer able to work, unless one or more of the kids got involved.

Since Joe's death, Judy and Graham have worked hard to mend relationships and make Martha and the kids feel more a part of the business, as well as the family.

Business Issues

Judy has kept records for the ranch and developed quarterly financial statements for years. After Joe died, she began to share these documents with Graham and show him how she and Joe used them to make decisions about the management of the business.

As a result, Graham recently sold several tracts of land to pay off a large operating note with their primary creditor. Joe had instilled a healthy fear of debt into Graham and he had become quite troubled about the increasing size of the operating note the ranch was carrying.

The 350-cow Kalang ranch is certainly solvent. Furthermore, with over 21,000 acres to work with, it could support nearly double the number of cows. Numerous wildlife on the ranch represent another possible source of income.

Kalang's assets total over 1.5 million dollars, with less than 100,000 dollars in outstanding loans. The problems arise from the 149,647 dollars withdrawn over the past year for family living; this with a total ranch income of only 183,767 dollars for the year.

Judy also began to share the goals and plans that she and Joe had for the business. She and Graham documented them so that they could be shared with other members of the family and the business advisors. At the suggestion of one advisor, Judy and Graham held a family business meeting in which they shared these goals and plans. It went so well, they decided to hold these at least twice a year to keep everyone informed on the progress of the business.



Graham decided that they should develop and document a Code of Conduct for the business to set expectations for how to work in the business and prevent future conflicts from driving a wedge between family members. He developed a draft and shared it during a family business meeting, asking others to provide their input and ideas.

Succession Planning Issues

Judy Miller met with lawyers and changed the Kalang ranch ownership from a sole proprietorship to a corporate structure.

Judy began gifting shares of the ranch. Transferring shares of the ranch to the other players in the family business was a way to legally transfer ownership of the ranch's assets to the next generation.

Graham is the clear successor as business manager, as he is the only child and has worked on the ranch his entire life. Judy makes a deliberate effort to share critical business information with him and include him in all management decisions since Joe passed.

Graham has been talking to his children about their futures and where the business fits in. It is very important to him that they begin to plan for this transition now. Judy would like to retire one day, and Graham wants to make sure that she is able to do that without feeling like the business will be at risk.