



THEMES REPORT

RESULTS FROM THE 2016 MULTIGENERATIONAL FARM STUDY

PURDUE
UNIVERSITY

Center for Food and
Agricultural Business

Fullerton, C., Downey,
W. S., Gunderson, M.
and Thompson, N.
(2016). Decision making
on multigenerational
farms. Unpublished
Master's Thesis. Purdue
University, West
Lafayette, Indiana, USA.

CONTACT INFORMATION

Center for Food and Agricultural Business
Krannert Building, Room 754
403 W. State Street
West Lafayette, IN 47907-2056
Phone: (765) 494-4247
E-mail: agbusinessinfo@purdue.edu
Website: www.agribusiness.purdue.edu



In 2016, a study was conducted of multigenerational farmers. While there are many studies that consider the manner in which assets transfer between generations, the focus of this study was to understand the ways in which decision making transfers between generations, particularly for purchases. The study was conducted in two parts. A survey to U.S. and Canadian farmers was distributed and the results analyzed. Following that, interviews were conducted in order to dive more deeply into the meaning of the quantitative findings. The results of this study are presented here along with a summary of implications for agribusiness manufacturers and suppliers who work with farmers in the U.S. and Canada.



Chart 1: U.S. Responses

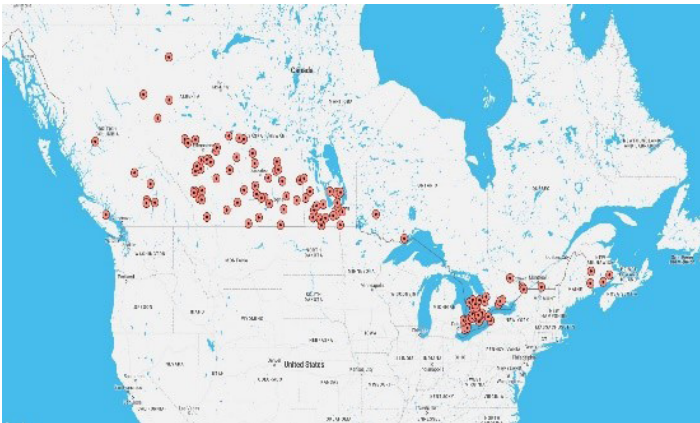


Chart 2: Canadian Responses

CHARACTERISTICS OF SURVEY RESPONDENTS

A total of 406 single-generation and multigenerational responses were collected from the quantitative survey.

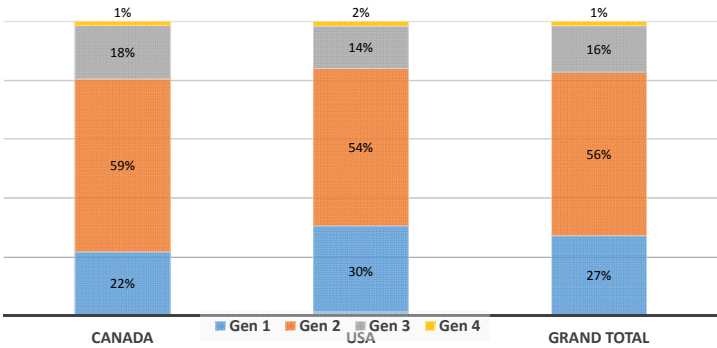


Chart 3: Number of Active Generations Working on the Farm

Of these, 256 respondents were from the U.S., 148 were from Canada, and 2 respondents did not provide this information (Charts 1 and 2). This sample was comprised of 295 multigenerational farms (multigen) and 111 single-generation farms (singlegen). Seventy percent of the U.S. farm respondents were multigen (178), as were 78 percent of the Canadian farms (116). **Chart 3** shows the breakdown of generations working on respondents’ farms today. There are a few three-generation and even a few four-generation farms, but most respondents’ farms were two generations. Data was collected on singlegen farms to provide a comparison to multigens. In terms of legacy farms, 23 of respondents were the first to start farming, 42 respondents’ families had farmed for two generations, 97 were from farms that had been in the family for three generations, 105 for four generations, 74 from five generations, and 64 respondents reported that their families had been farming for six or more generations.

Multigen farm respondents were slightly more educated than singlegen respondents, with one exception: 5 percent of singlegen farms had doctorate degrees, compared to two percent of multigen farms. Other than that category, 43 percent of multigen respondents had four-year college degrees, compared to 33 percent of singlegen farm respondents. And singlegen farm respondents with only high school educations represented

28 percent, compared to 22 percent of multigen farm respondents.

The proportion of male and female respondents was fairly consistent across all generational categories with **men representing about 90 percent of respondents.**

There were differences between singlegen and multigen farms in terms of off-farm activities. Forty percent of singlegen farm respondents work off-farm, with about 60 percent of those being part time (less than 40 hours per week). This compares to 33 percent of multigen farm respondents, about 44 percent of whom work part time.

The multigen farm respondents in our study tend to be from a little larger farms (**Chart 4**). For the purposes of this study, farm size was determined from reported gross farm revenues (GFR), with small farms defined as those with less than \$500,000 in GFR, medium farms defined as those between \$500,000 and \$1,000,000 in GFR, large farms were those between \$1,000,000 and \$2,000,000 in GFR, and extra large farms over \$2,000,000 in gross farm revenues. Proportionally, there were 2 percent more medium and large farms in the multigen category than in the single gen, but there were 7 percent more extra large farms and 11 percent fewer large multigen farms than singlegen farms. This makes sense, given that multigen farms often must support more than one family.

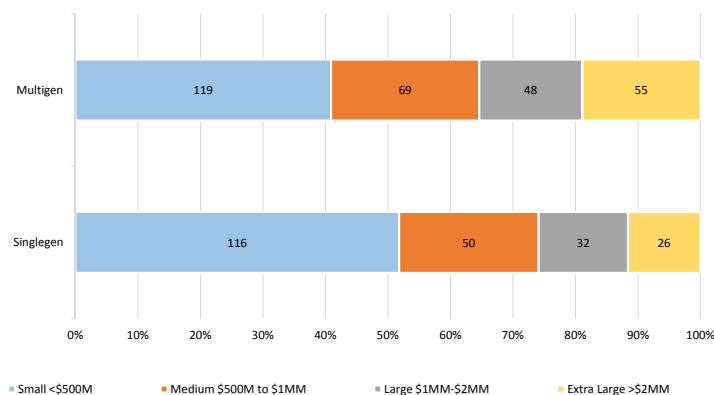


Chart 4: Comparison of Farm Sizes in Sample

Respondents were asked to identify the types of production they engaged in on their farms across eight livestock categories and eight crop categories. Responses ranged as one might expect with cattle and dairy dominating livestock and corn/soybean dominating the crop side. This was fairly consistent between singlegen and multigen, with 71 percent of multigen farms predominately crop and 72 percent of singlegen predominately crop. While many farms reported having a mix of crops and livestock, nearly all of the respondents were strongly one or the other in terms of their sources of revenue.

CHARACTERISTICS OF MULTIGENERATIONAL FARMS

Defining generational membership can be problematic. Anecdotal discussions with agribusinesses and researchers identify three methods of considering this issue:

1. Identify membership in each generation on the basis of sociological generations. This approach would identify generations as post-millennials, millennials, Generation X, baby boomers, and silent generation members. This is essentially an age-related analysis. One challenge with this approach is that it doesn't really address transitions. Some farms may not have members of each generation represented and may transition from baby boomer to millennial or baby boomer to Generation X, for example. This approach creates a large number of combinations to consider and tends to focus more on how younger farmers compare to older farmers without considering their generational transition stage. This may be an interesting line of inquiry, but is a departure from the stated purpose of this research.

If we were to consider sociological generation membership, the largest category (**Chart 5**) represented in the youngestgen category would be

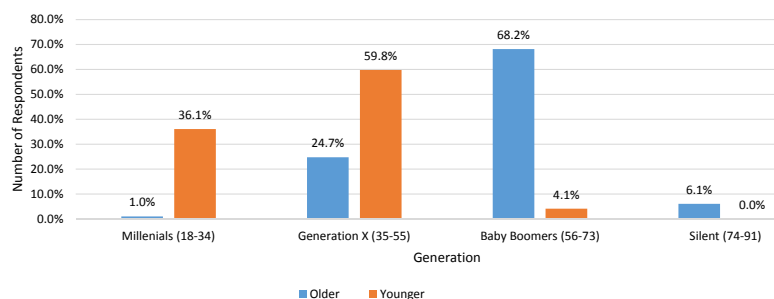


Chart 5: Sociological Generations

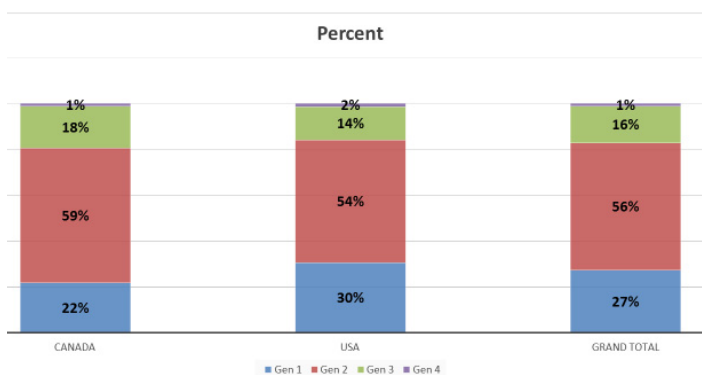


Chart 6: Number of Generations Active on Farm Today

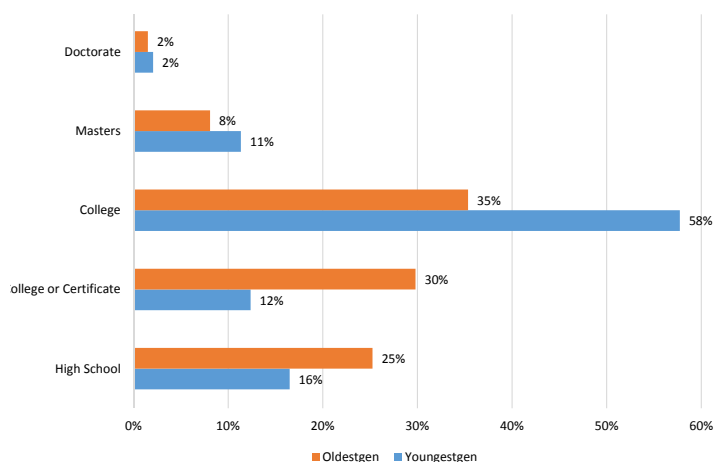


Chart 7: Education by Generation

Generation X (ages 35 to 55 years old), followed by millennials (ages 14 to 34). The oldestgen respondents belonged to the baby boomer generation (ages 56-73), which was about 68 percent of all oldestgens.

- A second option for generational classification would be to identify membership on the basis of relative generation on the farm. This approach would identify first generation, for example, as the oldest generation, and second generation as the youngest generation. This approach might work except for the existence of farms in which three and four generations were active at the same time (**Chart 6**). It is likely that the second generation on a four-generation farm would be very different from the second generation on a two-generation farm.
- For simplicity and to best address the questions posed in this study, the sample was split into two groups. The first segment, which we're calling "youngestgen," is the youngest generation actively making decisions on the farm. The second segment, which we're calling "oldestgen" includes all older generations, regardless of how many generations are active on the farm.

Ages of the youngestgen ranged from 21-63, with a median around 37. Ages of the oldestgen ranged from 34 to 85, with a median around 60. The average age of all respondents was close to 59. Singlegen respondents ranged in age from 26 to 88, with a median age of 59.

The differences in education between the oldestgen and youngestgen of multigen farmers is striking (**Chart 7**). While the number of advanced degrees between the two groups is similar, the number of youngestgen respondents with a four-year degree (58 percent) is much higher than for the oldestgen (35 percent). The number of youngestgen respondents with some college or certificates (12 percent) is proportionately less as well, with the 30 percent of the oldestgen reporting that level of education.

A larger proportion of the youngestgen respondents in the sample report working off-farm, at 43 percent,

compared to their older counterparts at 28 percent.

Most of the youngestgen who work off-farm do so on a full time basis (67 percent), with only 33 percent working part time. For the oldestgen who work off farm, half report working full-time off farm. The split of full- and part-time work of the oldestgen aligns closely with that of singlegen farms, although a higher portion of singlegen farm respondents report off-farm work overall.

The oldestgen respondents do not appear to be interested in retiring anytime soon. While only a small portion of all respondents said that they plan to retire before age 60, 47 percent of youngestgen respondents expect to retire between 60 and 70 as compared to only 31 percent of oldestgen respondents. For youngestgen respondents, 34 percent plan to retire between 70 and 80, while 48 percent of oldestgen respondents plan to retire at that age. Twenty percent of oldestgen respondents suggest they will keep going past age 80, compared to 15 percent of youngestgen respondents.

Although the focus of this research is on how decision making transfers across generations, retirement will no doubt lead to some transfer of assets. **Chart 8** shows that the younger generation commonly owns a little more than 25 percent of the farm today. The oldest generation commonly owns between 50 percent and 75 percent today. The majority, but not all, single generation farms are owned by the farm operator. There is evidence of off-farm ownership that likely exists for all types of farms as well.

In interviews, the youngest generation farmers elaborated on their ownership structure and how it came into being. Most of the youngest generation farmers were a minority owner, but about 20 percent had an equal share and 8 percent were majority shareholders. Other paths into the farm included internships (17 percent), operations manager

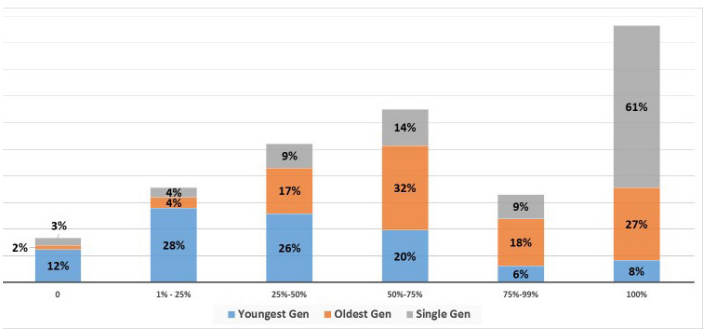


Chart 8: Ownership Assets

Current Rate	Avg. Years in Previous Role	Title in Previous Role
Majority Partner	6.0	Farm Laborer (62%) Working in Agribusiness (25%)
Equal Partner	8.9	Farm Laborer (75%)
Minority Partner	8.3	Farm Laborer (30%) Student (26%)
Operations Manager	4.2	Farm Laborer (70%) Working Outside Ag (22%)
Enterprise-Specific Manager	5.5	Farm Laborer (46%) Student (36%)
Business Manager	3	Farm Laborer (30%) Working in Agribusiness (30%)
Internship	3	Student (47%) Working Outside Ag (24%)

Chart 9: Current and previous roles

(13 percent), managing a specific part of the farming operation (6 percent), or starting in the business office (3 percent). The youngest generation farmers held a variety of positions before assuming their current positions on their farming operations (**Chart 9**). As one might expect, school and farm labor were the primary previous positions held by the youngest generation farmers who were interviewed.

The formality and preparedness for transferring assets varied among the interviewees. For larger farms, financial security and arranging for the farm to be sustained for future generations were paramount. Transparency

A note about the accompanying qualitative study:

Respondents from the quantitative survey were asked about their willingness to be interviewed. Fifty-two farms consented to telephone interviews, with a total of 100 interviews conducted. Ten of the interviews were conducted with only one generation but the remaining farms were represented by family members from at least two different generations.

There were 44 U.S. farmers interviewed, 53 Canadian, and 3 who did not reveal their nationality. Just as in the quantitative analysis, the farmers were categorized as oldestgen or youngestgen. Half of the interviewees were from each of these categories. In terms of farm size, the interviewees consisted of representatives from 25 very large farms, 25 large, 21 medium and 29 small. Oldestgen interviewees had a mean age of 60; youngestgen had a mean age of 33. At least demographically, this set of interviewees fairly closely mirrors the rest of the sample. For the interview responses, both total mentions and order of mention were tallied for attitudinal measures.

and clarity of the succession-planning process was also important to larger farms. For smaller farms, the factors driving succession were making sure they had flexibility to change it, more than financial security or fairness between siblings.

Asset transfer is important, but this study also considered how decision making might transfer. Perhaps the most interesting takeaway here is that, on average, **the management transition between generations was expected to be complete in the next eight years.**

There were a number of factors driving this transition and the transfer of decision making seemed to be entirely separate from asset-transfer decisions. Oldestgen and youngestgen interviewees gave similar responses about the criteria used to determine how the decision to shift

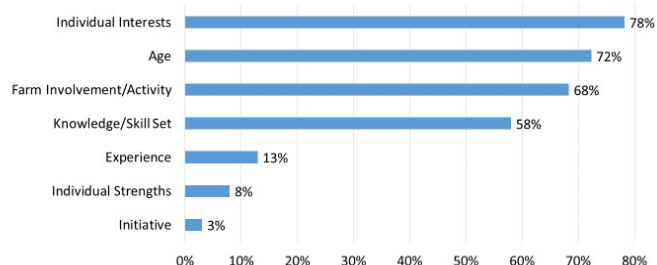


Chart 10: Criteria for Transferring Decision-Making Responsibilities

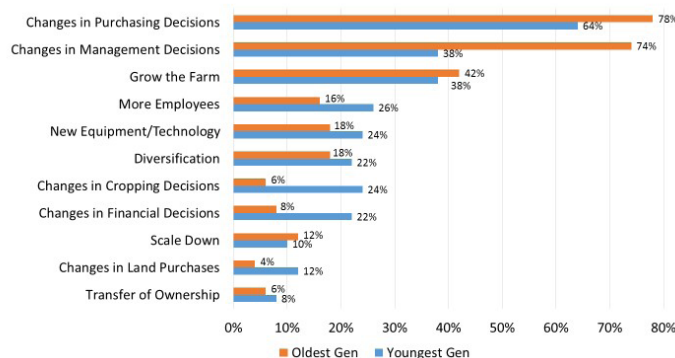


Chart 11: Anticipated and future changes

decision making would occur, although youngestgen respondents were more likely to identify their skills as being important to the decision. **Chart 10** shows some of the criteria that were mentioned.

Interviewees suggested what changes they might anticipate as decision making shifts between generations, and those responses are shown in **Chart 11**. This area is something the younger generation had apparently given more thought to because they anticipated change in more areas than the oldestgen respondents. Oldestgen and youngestgen both indicated that there would be changes in how they made purchase decisions. In some cases, this was discussed as a change in the decision maker and in other cases the criteria for making decisions. It is clear that many youngestgen farmers value the opinions of oldestgen farmers, given that there was disparity in how they viewed changes in management decisions. However, this was still one of the top areas of change identified by youngestgen interviewees. In terms of growth, 67 percent

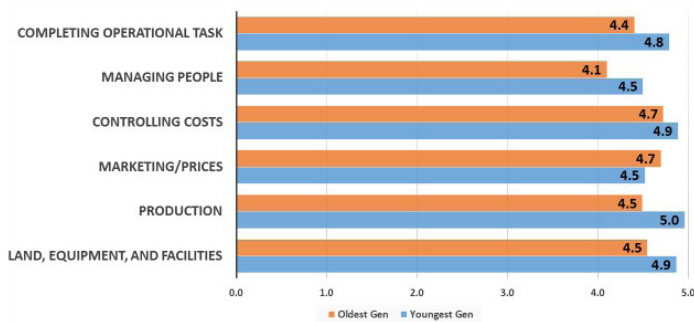


Chart 12: Level of participation in farm activities

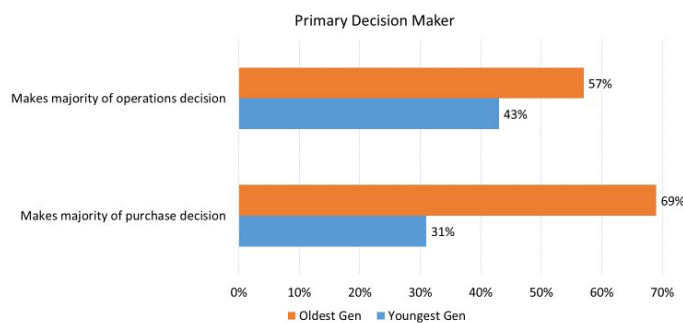


Chart 13: Decision making by generation

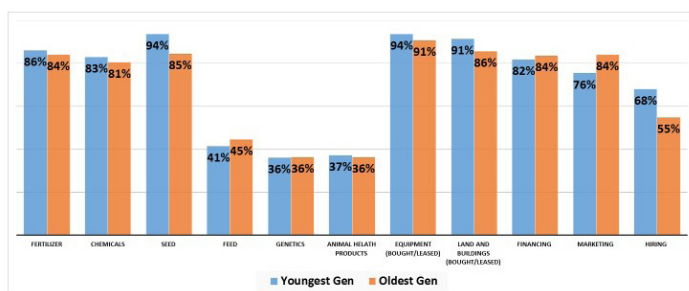


Chart 14: Play a role in the purchasing process

of youngestgen farmers have an expectation that their farms will grow over the next five years, while 55 percent of oldestgen farmers expressed an expectation of growth. About 19 percent of oldestgen farmers anticipated shrinking, compared to 8 percent of youngestgen farmers. Eleven percent of both groups reported that their growth would be different for different parts of the farming operation, and about 11 percent of both groups also said that they expected the farm to stay about the same size.

While there is a clear trend toward greater involvement by the youngestgen respondents, the oldestgen farmers

remain involved in the day-to-day farming operations today. **Chart 12** shows differences between the two generations in terms of some of the basic activities associated with running a farming operation. Only in one area did the oldestgen respondents indicate that they were more involved than the youngestgen: marketing. Also worth noting is that the youngestgen farmers had a mean response of 5.0 on a 5.0 scale for production, such that there appears to be a sizable number of youngestgen farmers who enter the farm through the basic activities of production.

TRANSITIONS IN MAKING PURCHASE DECISIONS

The youngestgen farmers may be most involved in production, but the oldestgen farmers still make the majority of decisions. **Chart 13** shows that for both purchasing and operations, the buck still seems to stop with the oldestgen farmer today. Especially when it comes to purchasing, oldestgen farmers were active decision makers. This data was collected through interviews and represents responses from both generations. Individual questions about their roles tell a more nuanced story.

Considering the involvement of oldestgen and youngestgen farmers in the decision making for specific items on the farm, we see that both generations are involved – having at least some input – in purchase decisions. It is apparent in the patterns for **Chart 14** that not all farms purchased all products. Many of the farmers surveyed had a mix of crop and livestock operations, but fewer had livestock only. Illustrating the purchasing roles of respondents by whether they were primarily crop or primarily livestock would increase the percentage of respondents for feed, genetics, and animal health products. But, that approach would not change the comparisons shown in the data and would eliminate the large number of livestock farms that also have crops

from the agronomic input responses. The generational comparisons here show that youngestgen farmers were more involved in seed decisions and hiring, but that the oldestgen farmers play an important role in feed and marketing decisions.

It is interesting to make comparisons of generational influence across farm sizes, as these are pronounced.

Youngestgen farmers are more involved in decisions on extra large farms than others.

In order to understand the roles that different generations play in purchasing on different-sized farms, we first identify the percentage of farms that purchased a particular product, which is shown on **Charts 15a through 20**. Then we break down the portion of those purchases that were from oldestgen and youngestgen.

The first product considered here is fertilizer. On the right, it shows that 70.9 percent of the extra large farms (over \$2 million) in our study reported purchasing fertilizer on their farms. Of those who purchased fertilizer, 51.3 percent of the respondents who played a role in those decisions were youngestgen farmers; 48.7 percent of those who played a role in those decisions were oldestgen farmers. In itself, the breakdown between oldestgen and youngestgen is not interesting, but comparison of differences between farms of different size is. Youngestgen farmers played a larger role in purchasing fertilizer on extra large farms than in other farm sizes, even though there were fewer extra large farms who bought fertilizer. Similar patterns exist for both chemicals and seed, with the younger generations of extra large farms being far more likely to play a role in the purchasing process. For fertilizer and seed, youngestgen farmers were more involved than oldestgen.

For livestock products, the messages are similar, albeit with fewer respondents participating in these activities. Forty percent of all extra large farms in the study said they purchased feed. Of those, 54.5 percent of the responses were from youngestgen and 45.5 percent were from oldestgen. Once again, the interesting point is not that comparison, but the comparison between farms of different sizes. These differences are particularly evident in decisions for genetics and animal health products.

These patterns are repeated again for equipment, finance, marketing, and hiring. The oldestgen's involvement in financing decisions on extra large farms was more similar to other generations for obtaining financing than it was when compared to other products, but it was still notable.

While participation in a decision is important to understand, the primary responsibility for those decisions is perhaps of greater importance. This question that was posed to the respondents was, "Who is primarily responsible for the decision in each of the following categories?" Only one category, land and buildings, showed a significant difference between the generations in their responses. What was most interesting on **Chart 21**, though, was that in nearly every case, both generations claimed to have primary responsibility for purchases. This is likely accurate. We know from the other questions that the youngestgen respondents are actively involved in the decisions and we know that the oldestgen respondents feel that the buck stops with them. Therefore, it is likely that the youngestgen respondents feel as if they have the responsibility and the oldestgen respondents feel that they have the responsibility.

For input purchases, such as feed, seed, genetics, fertilizer, animal-health products, and crop-protection

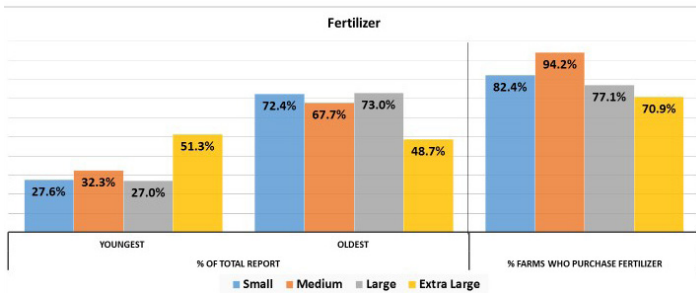


Chart 15a: Play a role in the purchasing process

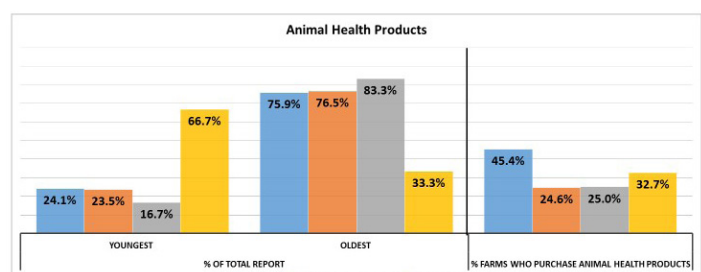


Chart 16c: Play a role in the purchasing process

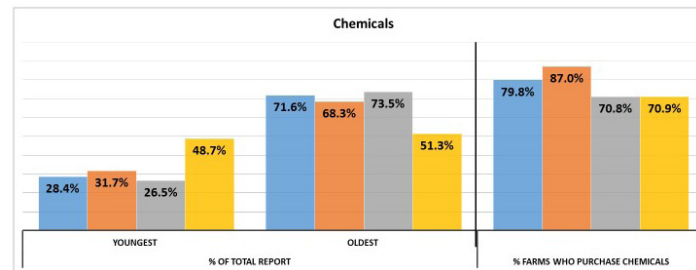


Chart 15b: Play a role in the purchasing process

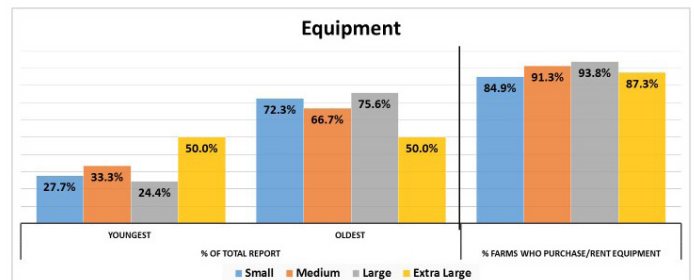


Chart 17: Play a role in the purchasing process

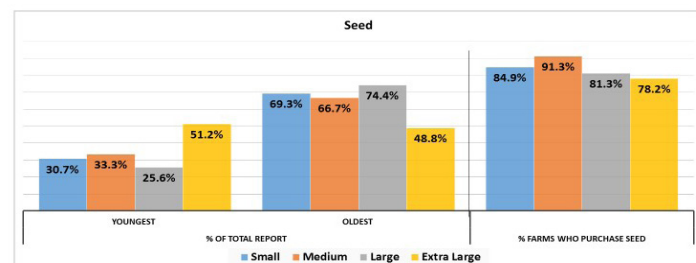


Chart 15c: Play a role in the purchasing process

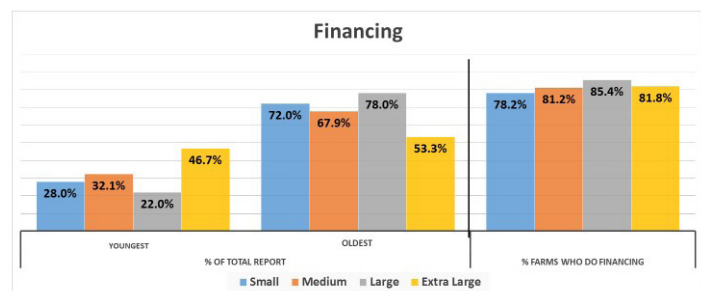


Chart 18: Play a role in the purchasing process

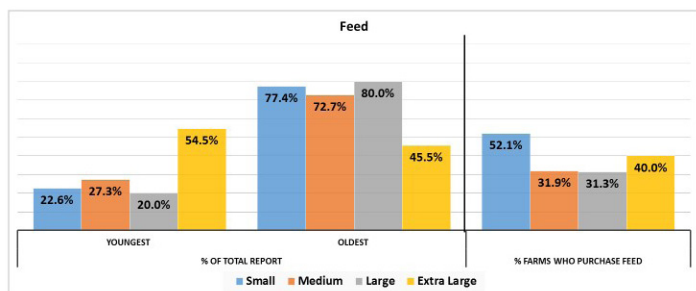


Chart 16a: Play a role in the purchasing process

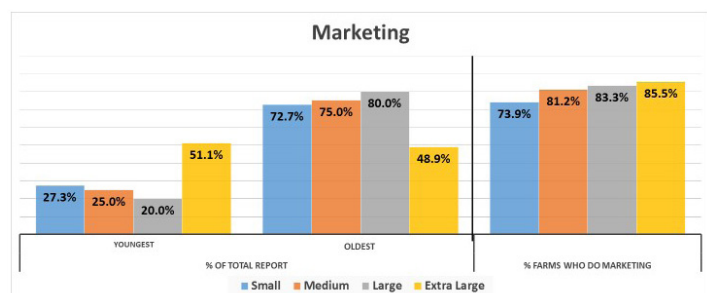


Chart 19: Play a role in the purchasing process

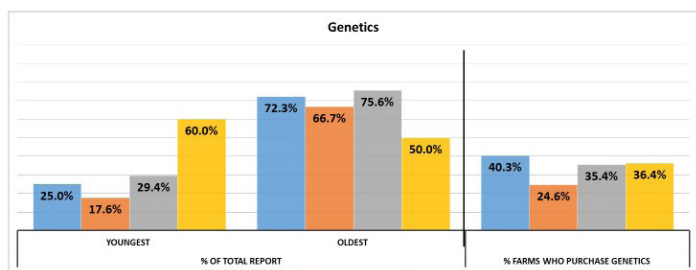


Chart 16b: Play a role in the purchasing process

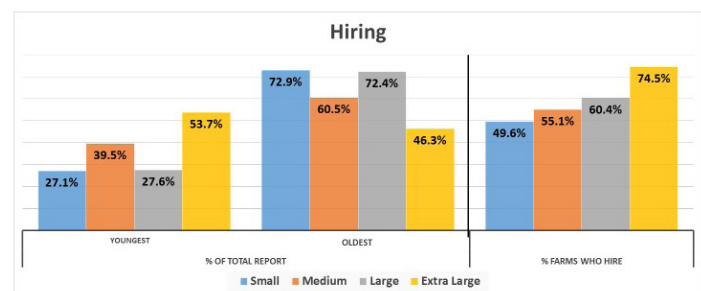


Chart 20: Play a role in the purchasing process

products, interviews with multigenerational farms showed similarities between youngestgen and oldestgen farmers in terms of the characteristics of products they care about when purchasing. For both sets of farmers in **Chart 22a**, product quality was the highest rated characteristic, followed somewhat distantly by price. After that, a variety of factors appeared with brand, convenience, and relationship being mentioned, but the lowest among them. There were small differences between the generations in that youngestgen farmers preferred competitive pricing, while oldestgen farmers preferred consistent pricing. Oldestgen farmers were also more likely to value service, relationships, and buying locally than were their youngestgen counterparts.

For capital purchases, such as equipment as shown in **Chart 22b**, best price appears to be more important to youngestgen farmers, while oldestgen farmers think more about value. The youngestgen respondents in the study were more likely to think about equipment capacity and buying new equipment, which correlates with their focus on technology (which will be discussed next). There are differences between the generations in terms of their preferences toward buying new or used equipment and the timing of purchases, with youngestgen farmers desiring more frequent purchases. Oldestgen farmers prefer to buy used or buy parts and fix existing machinery. Once the management transition to youngestgen farmers takes place, they expect to upgrade and buy new equipment and replace it more frequently. Oldestgen respondents expressed a desire for youngestgen farmers to understand the farm’s finances better.

Chart 22c looks at subjects’ responses to interview questions about their choices of suppliers. Youngestgen farmers were more likely to mention service and

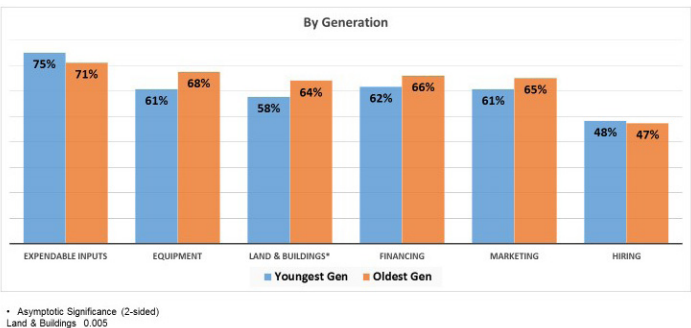


Chart 21: Primary decision responsibility

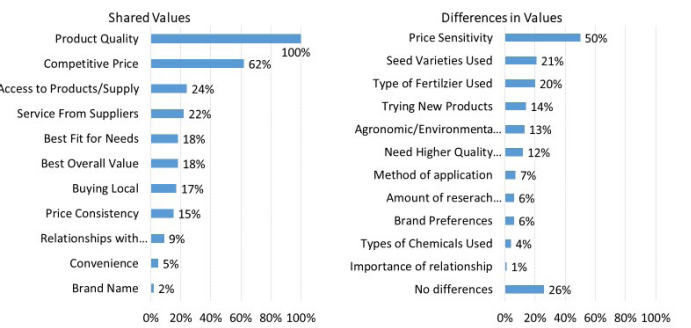


Chart 22a: Shared values and differences: Input choices

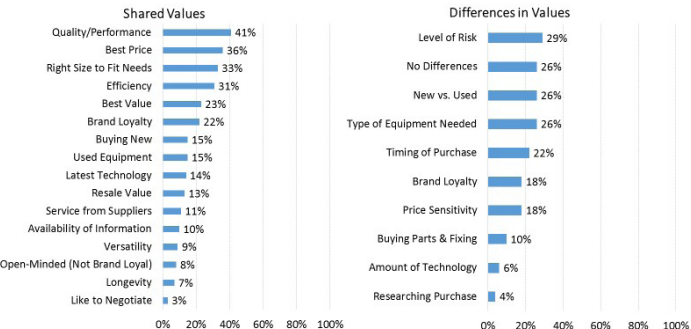


Chart 22b: Shared values and differences: Capital purchase

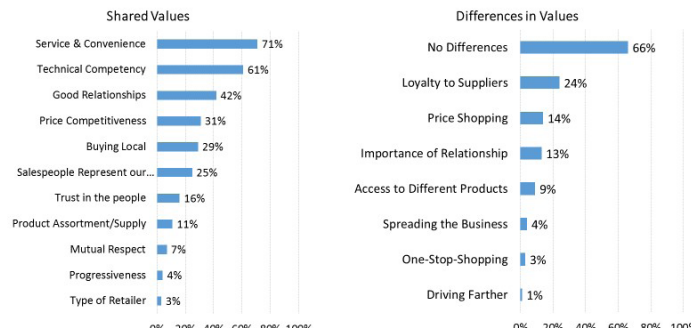


Chart 22c: Shared values and differences: Retailer choice

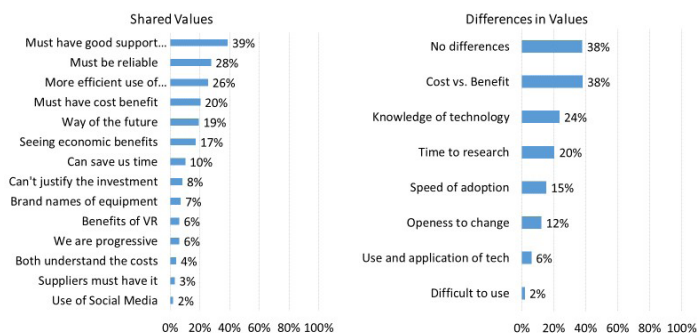


Chart 22d: Shared values and differences: Technology

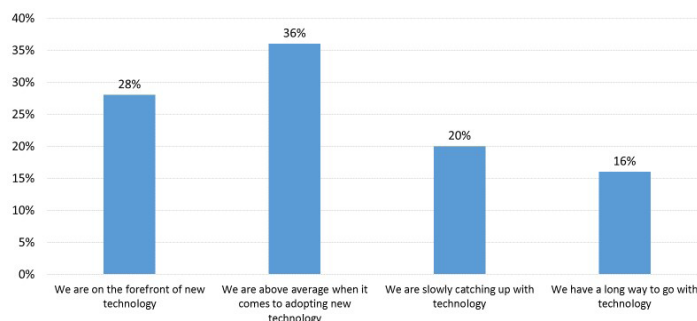


Chart 23: Farmers position with technology

convenience along with the technical competency of the provider, where oldestgen farmers referenced their ability to trust the people they were buying from. Youngestgen farmers saw more nuanced differences between choices in the marketplace and recognized that oldestgen farmers were more loyal. Having access to a wider assortment of products was important to youngestgen respondents. Youngestgen farmers said that they expect to see some change in their relationships with suppliers, unless they perceive the relationship to be strong. Personal relationships mattered less to them than business relationships, however.

There were a few differences between the generations' responses in the area of technology, as shown in **Chart 22d**. Youngestgen farmers were more likely to mention that reliability was key to them, where oldestgen farmers suggested that they felt they often couldn't justify the investment (while still recognizing that technology is the way of the future). While the two generations reported

that there weren't many differences in their opinions about technology, they also referenced that youngestgen farmers were clear about its benefits. For the oldestgen farmers, a lower level of knowledge about technology was a concern. In the future, youngestgen farmers expect to use data more and to have suppliers who are technically savvy enough to support that.

Chart 23 shows that there are wide differences in the survey respondents' perceptions about where their farms were in terms of adopting technology. There are clear divisions between those who are ahead of the curve and those who are behind the curve.

Extending understanding of the activities that support the purchases, it is possible that in some cases the decisions for purchases may rest in the hands of one generation, but working with salespeople might be the responsibility of another. Respondents were asked which generation took primary responsibility for managing relationships with salespeople or suppliers across several decision categories. For expendable inputs, the youngestgen farmers play a very important role. Recall that 75 percent of youngestgen respondents said they had primary responsibility for making decisions for inputs (expendables), but the sales relationships are far more likely to be managed by that generation. Similarly, the youngestgen farmers tend to manage the relationship side of grain handlers or livestock processors. The oldestgen farmers retain primary responsibility for managing relationships with lenders and landlords. It should be noted, though, that on a scale from one to five, both generations reported above a four for every category, implying that both are highly engaged in managing relationships with suppliers and processors.

ORDER OF IMPORTANCE IN MAKING PURCHASE DECISIONS

Through years of research on farmer buying behavior, we have found that the purchase of several products have parallels between crop and livestock farms. For example, seed purchases for crop farmers tend to consider similar factors to feed-purchasing decisions of livestock farmers. In both cases, these decisions are reviewed frequently and drive performance in key areas of the farming operation. As decisions are made in these areas, purchasers must often consider trade-offs between price, performance, and relationships with suppliers. A forced ranking was used to determine the relative importance of these three factors. This approach provides not only the most important factor, but the order of them.

Chart 24 shows three different sets of products and provides a comparison between oldestgen, youngestgen and singlegen respondents. Note that demographically, singlegen farmers are similar to oldestgen farmers in terms of age and education, such that differences between singlegen and oldestgen responses are likely due to uniqueness related to having multiple generations on the farm.

For seed or feed, oldestgen farmers primarily valued performance first and price second. Oldestgen farmers have a fairly large group who chose performance first and relationship second. Having more responses of any age prioritize relationships is unusual. Youngestgen farmers' responses for performance-relationship were more frequent than their responses for performance-price. It's difficult to know exactly the motivation for this. Most farmers choose performance as the key area for nearly every product (it is why they buy a product after all), but selecting relationship second may have to do with the fact that both generations are involved in the purchasing. Oldestgen farmers generally identify trust and loyalty as more important factors. It could be that there is a

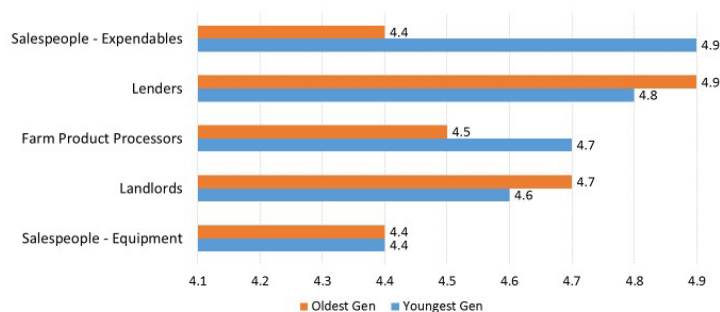


Chart 24: Responsibility for managing relationships

priority order for the youngestgen farmers in which they must select relationships that meet with the oldestgen's approval, and select the best value within that. This question deserves more attention.

For crop-protection and animal-health products, the youngestgen farmers' responses were much more consistent with the oldestgen and singlegen. Performance with relationship as the second priority still remained higher for youngestgen farmers than for oldestgen or singlegen, but performance price takes on much more importance for all three groups.

For fertilizer and genetics, the story shifts. There is less predominance of performance issues among all generations and price leads for about a quarter of purchasers. For the youngestgen farmers, 42 percent responded that price was first for these products, compared to 20 percent who were primarily price buyers in crop protection and seed. Similar proportions exist for oldestgen and singlegen.

There are frequently questions as to the media consumption pattern differences across generations. These differences were largely not evident in the study. The question was a forced ranking in order of importance for learning about products and services. Media questions were asked in two parts: traditional media and digital media. The first of these asked for a ranking of five different approaches. **Chart 25a** shows the responses

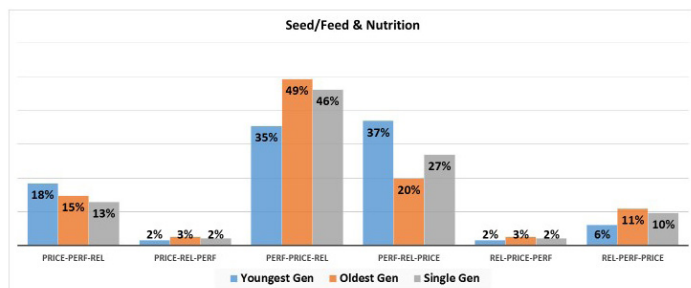


Chart 25a: Price, performance, relationship

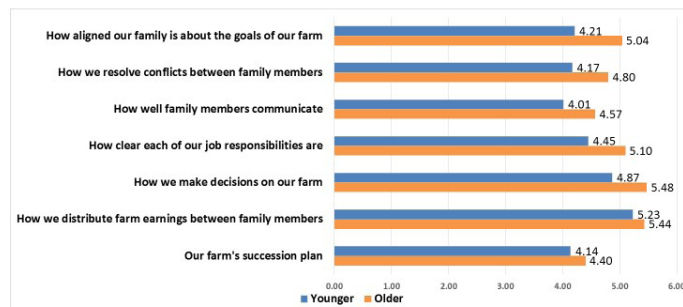


Chart 27: Satisfaction

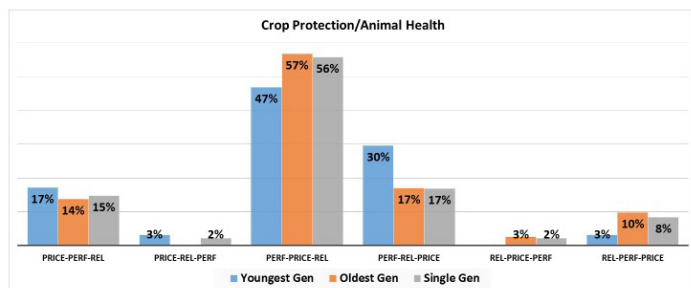


Chart 25b: Price, performance, relationship

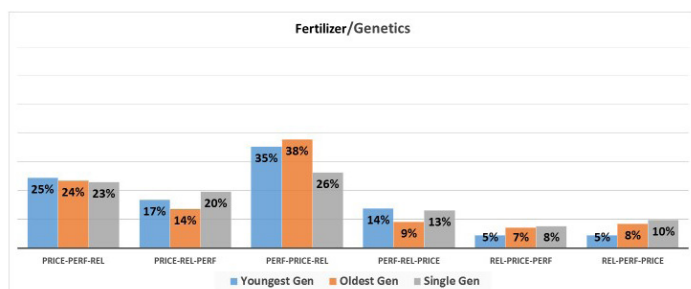
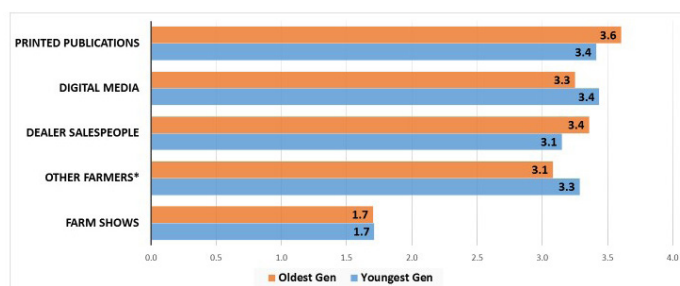


Chart 25c: Price, performance, relationship



Asymptotic Significance (2-sided)
Other Farmers 0.044

Chart 26a: Traditional media average ranking

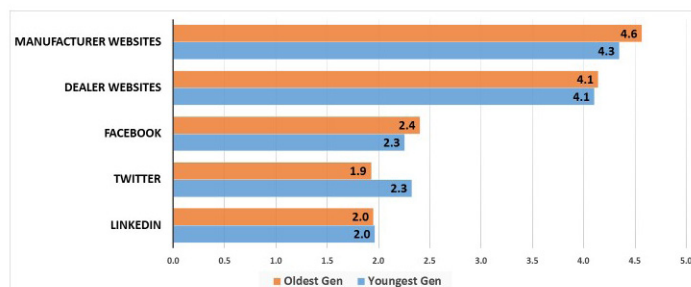


Chart 26b: Digital media average ranking

for these. Although differences were small, they were significant. Oldestgen farmers have a slight preference for printed publications. Youngestgen farmers have a slight preference for learning from other farmers. The fact that all of these scores were clustered around three, though, implies that there were diverse opinions on the rankings for everything but farm shows. If this item had included dealer meetings or field days, it is expected, consistent with other research on producer behavior, that this would have scored higher. This is an area that warrants more study as to how generation may combine with other factors to result in different attitudes toward media.

For digital media, the differences between oldestgen and youngestgen respondents were not significant. There was only any magnitude of differences in responses to the value of Twitter as a source for learning about products and services, but the interest in this source was low. The two major categories of digital – websites and social media – were clearly viewed differently for the majority of respondents. Of the social media responses, there may be different perspectives with some preference for Facebook. This is an evolving area and should be considered further in future research.

SATISFACTION AND ATTITUDINAL DIFFERENCES

One factor that can be a cause or result of change in an operation is the satisfaction members of the organization have with the activities, positions, and roles they play on the farming operation. To understand these issues, a series of questions was asked, drawing from other

research in these areas. Each item was asked on a seven-point Likert scale that ranged from highly satisfied to highly dissatisfied.

In general, both generations state that they are highly satisfied in their operations. All responses were above the midpoint in terms of their satisfaction, however, few areas were rated as highly satisfied. In each case, oldestgen farmers reported higher levels of satisfaction than youngestgen farmers did. These gaps were widest in the areas of goal alignment, conflict resolution, role clarity, and decision making. In general, communication and succession plans were the areas in which both generations expressed the lowest levels of satisfaction.

To provide an overall comparison, the number of responses that were above the midpoint in scores for each generation across all seven categories of satisfaction was calculated. **Chart 28a** provides a relative comparison of how satisfied each generation was and confirms that the older generation is more satisfied with factors on the farm.

One of the factors that researchers have identified as influencing satisfaction at work is the clarity of expectations of the job, shown in **Chart 28b**. This is referred to as role clarity. A test of the degree of clarity includes five questions that ask respondents to decide the degree to which the goals for their jobs are clearly communicated, whether they know what is expected of them, whether they know how they will be evaluated, whether they know what their responsibilities are, and whether they have the authority they need to do well. By its nature there are high levels of uncertainty in agriculture. It was hypothesized that experience and authority that oldestgen farmers have might lead them to have higher levels of clarity in their roles. This proved to be the case. Almost 46 percent of oldestgen farmers

expressed having higher levels of clarity in their roles, compared to just 38 percent of youngestgen farmers.

When clarity is low or expectations are not well understood, conflict can arise. This is shown in **Chart 28c**. To understand some of the sources of conflict that could arise between the generations, respondents were asked questions about several areas. These included ownership and control, management, compensation, goals, farming practices, innovation, and supplier choices. In general, farmers who responded to the survey reported very few areas of conflict. There were a few generational differences worth noting, though. For youngestgen farmers, conflict tends to arise when they are working

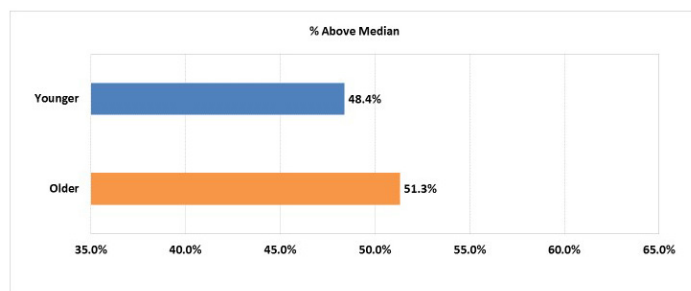


Chart 28a: Satisfaction

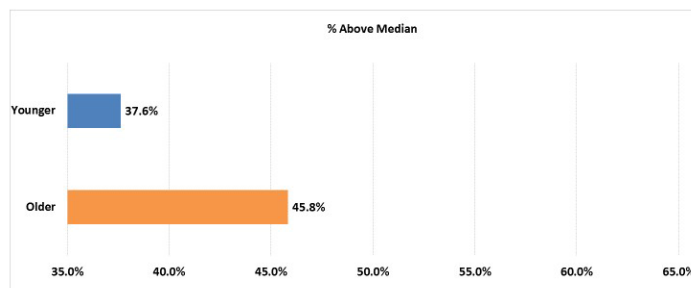


Chart 28b: Role Clarity

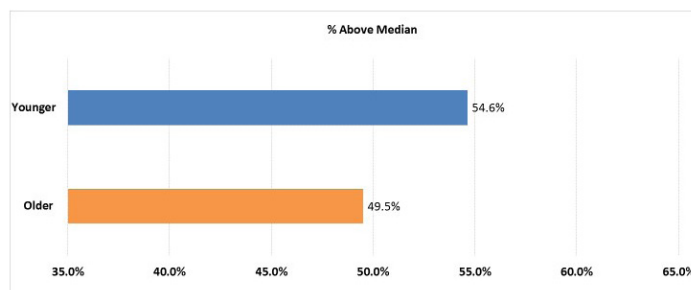


Chart 28c: Role Satisfaction

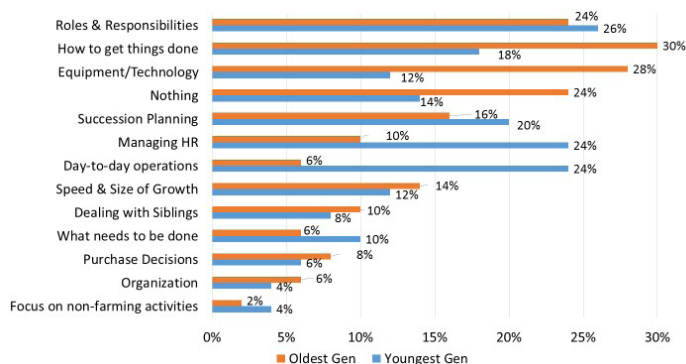


Chart 29: Role conflict



Chart 30: Examples of conflict

part-time. Full-time work does not lead to conflict, likely because there is not an expectation for the youngestgen person to be present regularly. The youngestgen farmers also tend to report higher conflict when they have low levels of participation in decisions about land, when they have low levels of participation in controlling costs or managing production, or when they are not the primary marketer for the farm.

For the oldestgen respondents, conflict was higher when they worked full-time off-farm or more, when they weren't involved in marketing decisions, or when they were too involved in managing land, production, or cutting costs.

It is interesting that marketing is a source of conflict for both generations when they are not involved in it. Decisions about managing land and controlling costs were a source of conflict when the oldestgen was too involved in them.

Subjects who were interviewed were clear that there was not much conflict on their farms, but there were a few areas that demonstrated some gaps in perspective. Operational issues were clearly a point of contention for the oldestgen respondents, HR and management issues seemed to concern the youngestgen farmers more.

Finally, when conflict arises, communication is an important facet of dealing with it. The family nature of multigenerational farming operations creates a complex set of dynamics that can affect communication. **As farmers grow and have layers of people involved in them, communication can become more formalized.** Survey respondents were asked the frequency of these formal meetings. The smaller the operation, the less likely they were to have formal meetings. Notably, many large farms have monthly or quarterly meetings, while extra-large farms report annual meetings. Also notable is that a higher percentage of medium-sized farms reported rarely having formal meetings compared to their smaller counterparts.

SUMMARY OF IMPLICATIONS FOR MANUFACTURERS AND SUPPLIERS

There are a few areas of this research that have important implications for manufacturers and suppliers that potentially shape relationships with multigenerational farms in the future. These areas have been copied here so that the implications of each topic for manufacturers and suppliers can be discussed.

The differences in education between the oldestgen and youngestgen of multigen farmers is striking.

The youngest generation of farmers, "youngestgens," are likely the most educated farmers in history. This has the potential to shape how they run their farming businesses, how they make decisions for what to buy, the ways they

want to receive information, and the types of information they are most interested in receiving. Many of them are trained as specialists in one part of the business – animal science or marketing, for example. This will mean that generalizing the backgrounds and interests of these buyers will be more complex. This will require more sophisticated marketing segmentation and higher levels of knowledge for those who call on those farms.

Most of the youngestgen who work off-farm do so on a full-time basis.

While not all youngestgen farmers work off-farm, those who do are less likely to be part timers. There are likely a couple of reasons for this, and in fact, there was a difference on this issue between the U.S. and Canada that probably explains this: healthcare. The consequence of this, though, may be that the next generation of decision makers may not always be on the farm during business hours. Even more, their off-farm work may help them develop expertise in some areas of the operation. The consequence of their absence, though, may be that they do not have time or energy to invest in understanding some of the areas of decision making that extend beyond their areas of expertise. For manufacturers and suppliers who wish to serve these youngestgen farmers, there may need to be extraordinary effort made to understand the gaps in knowledge that exist or to reserve precious time. Scheduling will be critical in these relationships.

The management transition between generations was expected to be complete in the next eight years.

Eight years is not a lot of time in order to prepare a salesforce that can build loyalty in these relationships, understand how the beliefs, goals, and needs may differ from prior generations, and make sure that the knowledge and skills are available in the marketplace. Leadership in many agribusiness organizations does not

reflect the ages of those who may soon be making all decisions on these farms. Manufacturers and suppliers should consider how they are preparing leaders to be able to respond to this new generation of decision makers.

Youngestgen farmers are more involved in decisions on extra large farms than others.

Although they may not always be the primary decision makers, the perspectives of the educated youngestgen farmers matter. The days when manufacturers and suppliers could focus on oldestgen farmers, or even start with them, are gone. The traditional sales process teaches that leads must be qualified to make decisions and that the bulk of time should be spent with decision makers. That approach may not be effective as decision processes transition to include a new generation. Often, there may not even be clarity about how this transition will take place on the farm. It may depend on the product and how it matches to the youngestgen's expertise. It may depend on the desire for change or novelty of the decision. As the youngestgen uses their connections and preferences for talking with other farmers, they may be influenced to consider changes that are unpopular with oldestgen decision makers or may just as easily decide that an oldestgen decision maker is firmly entrenched and that the effort to champion a change isn't worth it. In either case, sellers must tread carefully, constantly assess how the dynamic is evolving, and bring needed value to the decision process.

In nearly every case both generations claimed to have primary responsibility for purchases.

Oldestgen farmers may have final say, but youngestgen farmers may also have a final say. It may require both generations to say yes, but either may say no. Other research completed on how decision making may transition on farms points out that there are three

approaches to making the transition: Discrete transfer of all decisions early in the youngestgen’s involvement, transitions over time, or late transition in which the oldestgen holds on to decision making as long as possible. This points out that there are stages to a transition that may vary in length. A correlary to this is that there are the components of inter-generational transfers of decision making: A time when the oldestgen makes most decisions, a time of transition, and the time when the youngestgen makes most of the decisions. This process may not be linear and may be driven by many factors. Manufacturers and suppliers may want to consider behavioral segmentation on this basis for multigenerational farms. Salespeople in particular should try to stay abreast of how this dynamic is evolving. It may be tempting to ask buyers on multigenerational farms how to deal with this. Communication is almost always good, but sellers should recognize that the buyers may not conciously have answers or may feel this is an area of conflict.

Youngestgen farmers said that they expect to see some change in their relationships with suppliers, unless they perceive the relationship to be strong.

Relationships with suppliers can transition from oldestgen to youngestgen, but only if they are maintained. In many cases, it appears that most youngestgen farmers take the position that is the existing supplier’s business to lose. The key for manufacturers and retailers to keep in mind is that the salesforce is transitioning between generations as well. It may not be possible or even advisable to match the youngest generation of salespeople with the youngestgen farmers, but using tools to make sure that relationships continue would preserve the investment made in developing loyal relationships that exist today. Specific training on how to transition these relationships between generations should be put in place. It is a complex issue, which

creates several possible scenarios. Figure 1 shows the interactions that potentially occur between generations of buyers and sellers. These interactions evolve through three stages of oldestgen, transitioning, and youngestgen primary decision makers combined with similar transitions of salespeople. Research and training on how to manage these dynamics are consistent with the precision selling approach taught at Purdue University’s Center for Food and Agricultural Business, which focuses on intentionality and planning. This material is available through other sources, but is beyond the scope of this project.

Aligned Decision Processes	
Youngestgen Decision Process	Oldestgen Decision Process
Need recognition	Need recognition
Information Search	Information Search
Evaluation	Evaluation
Decision	Decision
Post Purchase evaluation	Post Purchase evaluation

Unaligned Decision Processes	
Youngestgen Decision Process	Oldestgen Decision Process
Need recognition	
Information Search	
Evaluation	Need recognition
Decision	Information Search
	Evaluation
	Decision
Post Purchase evaluation	Post Purchase evaluation

Oldestgen farmers reported higher levels of satisfaction than youngestgen farmers did. These gaps were widest in the areas of goal alignment, conflict resolution, role clarity, and decision making.

It would be tempting to say that dissatisfaction has to do with the power dynamic that often exists in familiar relationships, but most farm families are strong and able to work through those. The areas of goal alignment, role clarity, and decision making may have more to do with differences in educational and experiential knowledge, with youngestgen farmers having the former and oldestgen farmers having the latter. Manufacturers and suppliers should be conscious of the possibilities for conflict and avoid exacerbating this. As the sales process continues to transition from persuasion-focused to evidence-focused, sellers will naturally bring less contentious influence into these relationships, but not all agribusiness organizations or salespeople, specifically, have recognized the need for this shift. Recognizing that there may be parallel decision processes on multigenerational farms, sellers would do well to understand the complexity of non-parallel decision processes as shown in Figure 2.

Marketing is a source of conflict for both generations when they are not involved in it. Decisions about managing land and controlling costs were a source of conflict when the oldestgen was too involved in them.

The existence of conflict when the oldestgen is too involved in the process of controlling costs does not mean that they do not wish to be involved in this issue. While conflict avoidance is a coping strategy for some, it is more likely for humans to hold the opinion that the conflict wouldn't exist if the other person would merely agree. For salespeople who are on the front lines of this conflict, the task is to anticipate that there may be conflict, understand competitive dynamics around why it may

exist and how, as a seller, their organization is positioned relative to that competition in terms of benefits and price. These conflicts are more likely to arise when decision processes are unaligned or when the calculus at each stage of the process are different for the two generations. The important role of a salesperson in a non-persuasive sales environment is to help customers know their own minds throughout the decision process and to bring facts, unbiased where possible, that will help them identify needs, identify information sources, identify buying criteria, look for information, consider options, make a choice, and reinforce that it was a good decision. The complexity involved with more than one individual going through this may require more formal tools for salespeople to keep track of than the individualized approaches salespeople are used to. Research shows that less experienced salespeople who work methodically through this process can be more successful than experienced salespeople who don't.

As farms grow and have layers of people involved in them, these communications can become more formalized.

The idea of more formalized communication processes on multigenerational farms is consistent with the need for salespeople to be intentional and methodical. Discovery outside of the sales process and reviews of customers' discovered beliefs, goals, and needs fits well with formal communication on farms. Bringing a supplier update to formal meetings can be a useful value-add for suppliers and manufacturers who wish to differentiate themselves. One of the most difficult challenges for salespeople is often getting multiple decision makers or influencers in a room at the same time. Understanding that this happens on a regular basis and determining ways of bringing value beyond an explanation of products can be an important component of a sales strategy.



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