Hello, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. We would love to have your comments below. Please subscribe to our YouTube channel so you don't miss any more of our weekly blogs. If you have ideas for content for some of our future blogs, then we're interested in that, too.

On October the 24th, a "Wall Street Journal" article came out. The headline is, "Supersized Family Farms Are Gobbling Up American Agriculture." That is so wrong in so many ways. Now, the body of the article is terrific. The headline is so misleading. My head almost exploded again.

So, here's the question, and you can tell from the headline where this is going, why are successful family business leaders resented when their neighbors and friendly competitors ought to be emulating them? Let me just give you some quick background.

This article came out, and it actually featured a client of The Family Business Institute, Lon Frahm from Frahm Farmland, in Colby, Kansas. But it could have been talking about Seven Springs Farms in Cadiz, Kentucky, or the Jenks Brothers or the Vulgamore Brothers or Barnes Farming or Schiff or Molitor or Sylte or anybody else among The Family Business Institute clients.

These people are really successful and they're in rural areas and they tend to be much, much, much bigger than their competition, and they're universally resented. It doesn't matter if you're a car dealer. Rick Hendrick is more resented than your local Ford dealer and the big construction companies are more feared and resented and talked about than their smaller brethren.

Our clients tend to be fairly big. Not Fortune 500 big, but big compared to the most of the people in their industry. Let me give you an example without giving away any proprietary information. All the farms that I've talked about are over $1 million of gross revenue. That's only 4% of all farms, according to "The Wall Street Journal." That's only 4%! 96% are less than $1 million of gross revenue. Frankly, a great huge number of those are hobby farms. A successful doctor or lawyer or businessman buys a small farm and produces a little bit of something or raises some cows or hogs or something just as weekend fun thing to do.

But these are serious farmers. In fact, the article goes on to say only 4% of all farmers in the US now produce 2/3 of all the economic output. Why are these successful people feared and despised and talked about and all those things? Now, let me make a point. Size doesn't always equal goodness. The biggest construction company isn't always the best, or the biggest car dealer, or the biggest manufacturing company. I'm not saying that at all. But to get big, in my belief, again I'm generalizing, but to get big you've got to do some things better than other people who tend to stay quite small.

Here's another statistic, not in the article, this is just a fact about family businesses. There are 24 million private businesses in America, according to Dun & Bradstreet. Also, according to Dun & Bradstreet, only about six million have employees. Right away, 75% of those businesses are microbusinesses, home businesses, one-man or one-woman professional services businesses, whatever it happens to be. Only six million businesses in the entire US that are not public companies, these are private, have employees, any employees at all. They tend to be very small. Furthermore, there are only about 50,000 private businesses in the whole country out of that six million that produce more than $20 million of annual revenue.

The vast majority of family and closely held businesses tend to be very, very small indeed. Now, these people that I'm talking about, the Frahm Farmland, the Syltes, the other good operating farmers. Why do they get big? How do they manage to prosper when their neighbors struggle?

Well, I can tell you. They're efficient. Whether it's a construction company or ag company, manufacturer, if you're an efficient operator and you're always looking for ways to improve and gain additional efficiency, you're going to prosper.

They have higher customer satisfaction. Contractors that have higher customer satisfaction, guess what? They get more repeat business. They have to reinvent the wheel less and less. Consequently, that means that they can grow faster. As they do add new customers, they can always pair them with existing satisfied customers in order to grow faster.

They have better employee morale. They're able to attract the best and the brightest. They talk about in the "Journal" article that Lon gives his people four weeks of paid vacation a year. Four weeks! They have fixed salaries and medical costs and he even gives them each $1,000 a year in their own names that they can turn around and give to local charities.

It's employers like that that are able to attract the talent that they need in order to grow and prosper. Frankly, they're profitable. This gets back to efficiency. Profitability's a dirty word. If you listen to profitability in the media, you watch the evening news, and they talk about Exxon or some other giant global corporation with big profits. Oh, man, they make profits sound like they're the worst things in the world. Hey, folks, let me tell you something. Profits are nothing more than an efficiency measure just like revenue per employee or gross margin. It's just an efficiency measure. It doesn't measure anything else.

On average, if you're a more profitable business, you're a more efficient business than the other ones around you. These people don't get big because they intend to just get big for the sake of size. They get big because they're better operators. Our clients tend to be better operators than other people. The average farmer in America now is 58 years old. I'm here to tell you, this is from the story, that's true in construction, manufacturing wholesaling, everything else. Family business leaders tend to be older.

They've got the scars to show for it and in many cases made them wiser. They've learned from their mistakes and that's the only way to gain credible business experience is learning from your mistakes. But if you make the same mistakes over and over and over, whether it's with your people or your customers or your efficiencies or your operations or your financial bookkeeping, or whatever else, you're going to suffer over the long run.

The reason these family businesses, in my opinion, are resented or criticized is because they're successful. Other people think that they got successful through some magical potion or incantation, the bankers liked them better, or some other crazy notion. They got better because they had some unfair advantage. That's just not true.

The biggest and the best and the most progressive and the most in any industry are the ones that are always looking to improve. That's what I would challenge you with. If you're finding yourself criticizing your neighbor because they got that contract that you wanted or they got that acreage that you wanted or they got the new deal to produce this new widget that you had bid on, you've got to look in the mirror and you've got to look at yourself and you've got to say, "Look, if they can do it, I can do it, too. I'm going to learn from them or people like them and I'm gonna quit this criticizing and bellyaching and I'm gonna find a way to pull myself up by my bootstraps just like Seven Springs Farm and all these other guys have done."

This is Wayne Rivers. I'd love to hear your comments. Thanks very much.