

September, 2006



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The Windssock

5 RULES FOR A THRIVING FAMILY BUSINESS

When you work with family, the boundaries between professional and personal are sure to overlap. Where does one role begin and the other leave off?

Spouse or sibling relationships are complicated enough but they're more complicated when you're navigating dual roles in a business. An old poignant joke sums up this tension: The owner of a business calls his son into the office, puts on a hat labeled "Boss" and says: "You're fired." Then he takes off the hat, puts on another labeled "Dad" and says, "Son, your mother and I heard you lost your job today. Let us know if there's anything we can do to help."

Family businesses are in transition

Life at family-run businesses may be challenging, yet they are thriving. Family firms make up more than 80% of all business enterprises in North America. And since most of today's family-owned businesses were formed shortly after World War II, more than a third (39%) will

change hands over the next five years.

That means hundreds of families and owners will wrestle with such issues as transferring power, developing leadership and grooming the next generation of management — whether owners realize it or not. Among family business CEOs age 61 or older who will retire over the next several years, more than half (55%) haven't selected a replacement.

So this is an opportune time to take stock. If your kids aren't cutting it or Uncle Harry thinks he's office manager or your niece is marketing in all the wrong places, here are five rules that will get everyone headed in the right direction.

Send consistent messages in a family business

1. Set clear expectations and hold family accountable.

Companies often get into trouble because owners don't differentiate between what's acceptable in the family compared to the business. Participation in a family is based on unconditional love. If you mess up,

families still love and support you. In business, participation is based on success and standards. If you mess up, there's a price you need to pay. To avoid confusion and botched operations, make sure every family member on the job knows exactly what's expected at work. Define responsibilities, job parameters, goals and precisely what you mean by success. Don't leave it to guesswork. Then, more importantly, evaluate the work with performance-based standards, not family tolerance. That means daughter Samantha can't waltz in at 10 a.m. twice a week when everyone is supposed to be at his or her desk by 9 a.m. When you offer feedback, make sure it's businesslike, as opposed to a family complaint. Connect the employee's performance to the consequence. For instance say, Helen, when you send out a document that has 12 typos, the customer concludes this isn't the type of company he can count on."

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PRESIDENT'S MESSAGE

BY FRAN DE KOCK

As I write this report, we are having a rainstorm that is about a month late. The season so far has been a mixed bag. It started with all kinds of optimism, as moisture and seeding conditions were excellent. The promise of a big fungicide season soon disappeared with 30-degree heat and a serious lack of rain. A few areas were fortunate to have work due to localized showers.

The crop outlook for most of Alberta is average at best. Hopefully the quality of the grain and commodity prices will make up for a lack of bushels at harvest.

Late July has brought a Bertha Armyworm outbreak in Saskatchewan and western Alberta. Aircraft and operators from all three prairie provinces have converged on the many areas where the outbreaks are severe.

Pesticide licensing for pilots to work in another province can be a painful process when time is a concern. The best way to address this issue is to have a pesticide license for each province in place at the start of the season. There are some differences in the requirements for each province that must be addressed such as credit procedures and exam requirements.

Organic farmers are becoming a major concern for all commercial spraying operators and farmers. It is very important to get the latest list from each county or rural municipality and mark your maps. I have found that not all organic farmers keep the counties or rural municipalities up to date on their land locations. Some of the organic farmers that we deal with are reasonable, they understand our concerns and issues, and we try to understand theirs. Others are unreasonable, have no concern for anyone but themselves, and pose a real problem for their neighbours as well as aerial applicators.

As the fall meeting season approaches, remember to let your board know of any concerns that you may have so that they can be addressed at our AGM in November. The fall AGM in Red Deer is a must for aerial applicators to attend. There will be numerous interesting speakers, a chance to address issues that affect us all as aerial applicators and credits will be offered for pesticide licenses. The credit sessions offered in Red Deer will also be recognized for pesticide renewals in Saskatchewan and Manitoba.

When the season winds down, it is time to catch up on family time to make up for the 24/7 routine we keep throughout the season. The thought of our time at Iskwtikan Lake in September and October keeps me motivated as the season progresses. I hope to see you in Red Deer in November.

New AGM Format

ALBERTA AERIAL APPLICATORS ASSOCIATION

36th ANNUAL GENERAL MEETING

November 13-14, 2006

Red Deer Lodge, Red Deer, AB

Monday, November 13, 2006

10:00 – 12:00 p.m. AAAA Annual General Meeting

12:00 – 1:00 p.m. Lunch with Exhibitors

1:00 - 2:00 p.m. Wild Rose Protective Fund
Annual General Meeting
MEMBERS ONLY

2:00 – 2:30 p.m. Coffee Break with Exhibitors

2:30 – 3:30 p.m. *Credit Session (Environment)*
Janet McLean, Alberta Environment

3:30 – 4:00 p.m. Coffee Break with Exhibitors

4:00 – 5:00 p.m. *Credit Session (Regulations)*
Jock McIntosh, Alberta Environment

5:00 – 6:30 p.m. Reception with Exhibitors

6:30 p.m. Dinner
Entertainment
Silent Auction

Tuesday, November 14, 2006

8:00 – 9:00 a.m. Breakfast with Exhibitors

9:00 – 10:00 a.m. *Credit Session (Environment)*
Jim Jones, Alberta Agriculture

10:00 – 10:30 a.m. Coffee Break with Exhibitors

10:30 – 11:30 a.m. *Credit Session (Regulations)*
Julie Sisson/Andrea Sawatsky, PMRA

11:30 a.m. Closing

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2. Make sure job titles are meaningful.

Hiring nephew Ted as a salesperson or even sales director doesn't automatically give him authority over the marketing director, the accountant, the IT consultant or any assistants. Frequently, a family member feels empowered by the blood tie to make judgments in all areas. As owner, you need to rein in such turf wandering. If you don't, at best you'll provoke resentment in the ranks. At worst, you could face the nasty results of truly lame decisions.

3. Create transparent compensation and HR policies.

Unrelated employees are commonly made to feel like second-class workers in family-run firms. Typically, no one ever says so, but non-family staff understand that advancement and top salaries are reserved for family members. That could leave you with lackluster performance and difficulty in tapping talent. You're better off acknowledging the special personality of the company and creating ways for non-family employees to feel valued. Some owners avoid misunderstanding by announcing, upfront, that there's a ceiling on promotion for non-family, but they extend special perks or training or other opportunities to compensate. Other owners acknowledge that equity in the company is not possible for non-family, but outside staff can earn performance-based bonus pay or incentives that provide substantial rewards. The same goes for setting company personnel policies, such as benefits and time off. A formal written employee handbook can help with family and non-family staff alike. Non-family will be reassured that policies are in place that give them a fair shake.

4. Leave work at the office and family matters at home.

When brother Bob launches into a customer problem over Sunday dinner, back up, advises lawyer Harder. He suggests you respond by saying, "That's a really good question. Why don't we schedule some time during the upcoming week to talk about that." Likewise, when your sister shows up at the office to talk about problems with your dad, Harder recommends saying, "I agree it's important. Let's talk about that over dinner tonight or on the weekend."

You can also create a formal arrangement to differentiate business from family outside the office. For example, Brian Brooks, 38, recently bought the 13-staff MBP Image

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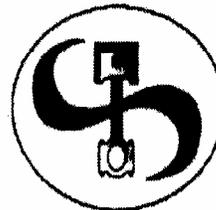
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Display Services from his parents. Founded by his mom and dad in 1974 and based in Fairfield, N.J., MBP is a video company that covers live events, from rock concerts to corporate meetings. Brooks became a full-time employee in 1998, but he first gained experience outside the company. "I worked in different aspects of production for ten years," he says. "I needed to bring something to the table and I needed maturity to take on the responsibilities."

Nowadays, with Brooks running the show, and part-time help from his sister, he has signed a formal contract with his parents that put them on annual retainer as advisors. They meet several times a year and Brooks calls to ask for advice about business development, strategic planning and more. "I give their advice a lot of weight," he says. "They haven't made many mistakes over 30 years."

5. Depend on objective outside help

A host of consultants, specialists and resources are available to support family businesses. You can get advice on such complex issues as firing a family member, forging a comfortable bridge between family values and business practices and more. Experts can help you hammer out what works for you in the unique culture of a family firm. Look for people who know family businesses or the market you're in, and pay them for their time so it's a formal arrangement. Online resources include such member groups as the Family Firm Institute (www.ffi.org) and the United States Association for Small Business and Entrepreneurship (www.usasbe.org), which offer a number of benefits, including online forums where you can access experts and post questions or comments.

Don't forget to keep talking

In the end, as always, communication that's clear and consistent and thoughtful is the best tool for keeping the business on track. Weekly 'family' meetings are a good opportunity for each person in the organization to talk about their area of responsibility in a non-threatening environment.

Happy Thanksgiving

from the AAAA Board of Directors,
Jill Lane, Nicole Janssen,
Monika Burak, Holly Cadrin,
and Emily Hoffman



Heads Up

Most applicators do not have the minimum 2 credits in the area of Environment to renew their pesticide licence through credit recertification. This year's AAAA Conference will offer two credit sessions in the area of Environment. Complete the enclosed registration form so you don't miss this opportunity to attend!

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