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DEEP RELATIONSHIPS. ENDURING LEGACIES.

Evolving Roles in the Family Business

by Leslie Dashew

One of the opportunities that families in business have, that most other families do not have is a range of roles in which one can participate.

- One can be a member of the family: daughter, son, sibling, cousin, aunt or parent.
- And/or one can be an owner of the family business: passive, active; managing partner, or board member.
- And/or one can work in the family business: CEO, President, manager, line employee, summer worker or trainee.

These roles evolve over time, often an entrepreneur wears all the “hats” listed above and as the family and business grow, the roles become more differentiated and different people hold them.

Some roles emerge over time, such as the role of “board member,” which may not exist early in the life of the family or business. There are huge rewards involved in getting family members who are not in the business itself, involved in boards, family councils, family meetings, charities, etc. There are also risks.

When families become aware that they are “business families” they often become mindful of the complications that accompany these roles.

For example, the founder who brings her son into the business to help out and then sees that he feels entitled to certain authority or perks.

Or the father who wants to spend time with his kids and so brings them into the business but finds they are not capable of the roles he thinks they should be able to do (such as be his successor).

Other roles are more informal, but no less important, such as that of the “Chief *Emotional* Officer,” This role is often filled by mom when she tries to keep peace and harmony between family members in and out of the business. Mom—or another individual—is often the glue that holds the family together during difficult times in the business or the family.

The opportunity of these additional roles is that they do offer ways for the family to plug into the family business system and stay connected. If the family begins to have family meetings, for example, it may offer a chance for another family member who is not working in the business to take some responsibility for the family / business and contribute to continuity.

Finding roles such as this help to keep a connection to the family and the business, to its culture and its challenges, which is essential to continuity over generations as families grow.

Often, people do not anticipate the issues that accompany roles, but they do accompany growth in the family and the business.

A 2008 [Laird Norton Tyee study](#) of Northwest family businesses found that “Family Businesses that did a better job of including input from family members into their businesses tended to be more profitable than family businesses that left the family out of the decision-making process. “

“This is an important finding for family businesses as they try to balance the priorities their families place on the business with the priorities of management and ownership.”

So, involving the family in the family business can improve the likelihood of success across generations as well as help the bottom line.

At some point, families may realize that they have to think about these roles to ensure that they are filled appropriately and to avoid unnecessary conflict within the family.

As dad thinks about retirement, the role of successor evolves.

As the company grows, having a board that represents the interests of owners who may not be working in the business evolves.

As families grow, often someone must take the lead to ensure communication occurs, family events and learning happen, and family councils often emerge, requiring still more leadership.

All of this growth gives opportunities to family members to connect to the family and the business in new and different ways.

Most of the roles require learning about the business, skills and tools. For example, where does one learn to be “an owner”?

If you have functioned as the “Chief Emotional Officer,” did you know you were in the role and how to keep out of triangles and other difficult situations?

It is important that we take these roles seriously and develop plans for the growth of the individuals who hold these roles or aspire to them.

- For more important on the role of “**Owner**” see the [Aspen Monograph #15](#) on Ownership Education
- For opportunities to receive assistance on preparing for the **succession** transition, see the information on the [Aspen Family Business Gathering](#) August 6-9, 2009
- The [Chief Emotional Officer’s](#) role is the subject of this year’s Women in Family Business Program, March 19-22, 2009
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- To learn more about **family councils**, download the Spring 2005 issue of the [Aspen Newsletter](#).