

# Accountability in Family Governance: A Key Variable for Building Trust

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As advisors, we regularly discuss the difficulty that family businesses often experience in creating business cultures of accountability, constructing systems requiring accountability, and fostering accountability in individuals. Similar challenges with accountability exist in the family realm. Sadly, when family members show poor accountability on family commitments, the consequence is often an erosion of trust and respect in the family.

We often see the following kinds of accountability-related issues coming up in the families we work with:

“I know I was supposed to get the newsletter out, but I ran out of time. I’ll have it ready for next time.”

“Our deadline for setting next summer’s family meeting date has come and gone, but family members aren’t returning my phone calls and I’m not going to reserve the hotel until I know people are available.”

“We had lined up the director of marketing to make a presentation to the family over dinner last month. Only two people called to RSVP so we had to cancel. It was embarrassing.”

Most family enterprises understand the importance of family governance. They know that family councils, family meetings, family policies, and regular communication are keys to success for business-owning families. However, even with the best of intentions these efforts can rapidly lose momentum and relevance due to lack of accountability among family members for their assignments in this arena.

It can be particularly hard for families to adhere to systems of accountability in what is generally a volunteer role. When choosing between an income-producing activity, an enjoyable social activity, or photocopying and sending out the minutes from the last family meeting, it is easy to see why the last is often delayed in favor of the others. Over time, if family members repeatedly fall short on completing their assignments, the entire family governance process can run out of steam and stall. Important tasks (estate planning, for example, or next-generation education) that aren’t completed or are delayed can create significant problems for the entire family business system down the road.

Families that take the time to clarify their values, purpose, and vision know that making and fulfilling commitments regarding that vision creates a strong foundation of trust among family members. The strongest families we know feel accountable, both as individuals and as a group, to live and demonstrate their shared vision, every day, in every way. In addition, trust among all key stakeholders in a family business is a major competitive advantage for the business, and contributes to a more enjoyable family life.

Family members that wish to solidify that trust will do well to follow the lessons of accountability brought to us from the business world. Setting and meeting deadlines is critical to fostering a sense of shared concern and commitment. Clearly identifying the roles and responsibilities of volunteers for the coming time period (quarter, month, year) is crucial. Family members who have accepted responsibilities will contribute significantly to the level of trust in a family by doing

their very best to achieve their tasks according to pre-established expectations.

Sometimes accountability problems arise because the family—or a part of the family—takes on too much at once. When the work of the family becomes so burdensome as to encroach on individual family members' ability to hold outside jobs and meet their other responsibilities, it is worthwhile to create more realistic roles, responsibilities, and requirements for key family roles. Alternatively, in larger families where there is objectively a lot to get done, families may use executive assistants and other types of support help make the tasks more reasonable. Some may need to go as far as creating a part-time paid family position in order to more appropriately address the workload.

No matter the level of work required to manage the family governance roles in your family, clarity in terms of expectations is a critical first step. In addition, most families would do well to review roles and expectations at least annually to determine if adjustments need to be made for optimal functioning going forward. The following is a list comprising basic steps that all families can use to foster accountability:

1. If you are at the start-up phase of setting up structures and policies for family governance and oversight, ensure that all family members are involved at least in the brainstorming around these ideas. The more people are involved in the original development of these structures, the more they will buy in to the governance process, which should increase commitment and accountability. Note that this initial set up can be hard work. Allow yourself time to go through multiple drafts to get to a structure that feels comfortable for your entire family.
2. Once the basic structures are in place, consider what jobs or tasks need to get done on an ongoing basis in order to meet goals of family unity and oversight. (For example, do we meet quarterly, annually? Do we have a family newsletter, website? Do we plan an annual family trip? What learning do we want to accomplish this year?) Ensure that there is clarity on the amount of work involved around the logistics of coordinating these efforts, and that all in the family

are clear on expectations and deliverables. Even more important, make sure that everyone knows the consequences for not following through.

3. Solicit volunteers to oversee specific tasks. Ensure that volunteers have access to needed resources to accomplish work and that all are clear on deadlines.
4. Ensure that the family work is well distributed; don't overload one person with these responsibilities.
5. Regularly recognize the contributions of family members involved in getting the work done. While it is important that there be consequences to those who are not accountable (e.g., loss of role), it is just as important to reinforce the positive and find ways to publicly recognize the tremendous efforts of those who do this work well.

Respect is a highly valuable commodity that is earned through carrying out roles and responsibilities effectively. When a family member commits to carrying out duties on behalf of the family, that individual is promising the family that he or she will do his or her very best to fulfill the responsibilities of that role. The failure to successfully carry out that role damages the respect of the family for that individual.

In so many families with whom we work, we repeatedly hear family members, especially next-generation family members, express frustration that their voices are not heard by the family. The reality is that in family business matters, we tend to respect those who have earned respect through their behaviors and their successful accomplishment of the roles they take on.

When a person accepts a role in the family council or as part of a family meeting, whether it's a high-profile meeting with the directors or the grunt work of churning out family meeting minutes, they are placing a value on the family. The act of volunteering conveys, "I wish to participate in this family's vision." When the same family member doesn't follow through with his or her tasks, that individual sends a message to the rest of the family that he or she does not care. Sadly, this is true even if there are perfectly legitimate reasons for the family newsletter not being published or for the minutes not being sent out, or for the agenda to the upcoming family meeting not being mailed in advance.

This erosion of respect not only causes emotional pain and frustration in families, but it also prompts the family to question the level of commitment that family members have to each other. An unwillingness or inability to complete a family task not only causes a reduction in respect and a corresponding reduction in the trust that the family gives that individual, but it also reduces the value of that person's voice in family matters. The reality is that we do not listen to people whom we do not trust.

When a person fulfills their responsibilities at work, they demonstrate their commitment to the organization and all that it stands for. This is true in a family situation as well. When family members complete the work of the family as they said they would, they demonstrate their commitment to the family and the family's values and purposes. This is one of the best ways we know for families to build solid trust and respect for years to come.



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