

# Job Description of an Engaged Family Business Owner

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The following is intended to provide a description of the role of an engaged owner of a family business: an individual that has acquired ownership through family lines, who is a direct owner of voting or non-voting shares or is the beneficiary of a trust which owns shares. It can also apply to those who are not now owners but are expected to acquire shares through family lines in the future (e.g., inheritance or an arranged purchase from a parent).

The job of an engaged owner is different than other types of owners:

**Operating Owner:** An owner who is also employed and involved in the day-to-day operations of the business.

**Involved Owner:** An owner who is not employed by the business but is genuinely interested in the affairs of the business and is attentive to all issues.

**Passive Owner:** Just collects dividends, doesn't make any attempt to be engaged in the business. Also, does not make a conscious decision to remain an owner.

**Investor Owner:** Similar to passive owner, but is satisfied with the business returns and makes an active decision to remain an owner.

**Proud Owner:** Not knowledgeable about or engaged in the business, but proud to be a business owner.

**Governing Owner:** A full-time overseer of the business, but not involved in day-to-day operations (e.g., one who maintains control through respect given or through controlling interest).

## Responsibilities of an Engaged Owner

### Steward

Demonstrates a long-term view in thinking and actions which promote improving and preserving a family enterprise for future generations. In interactions with other family owners, one's own family unit, and with management and board members, the focus of discussions and priorities is on caring for the health and sustainability of the family enterprise. Develops children who will become future owners toward their role as an engaged owner.

### Student

Actively pursues opportunities to learn about:

- The business, its financials, its strategy and industry. Participates in provided educational opportunities yet also pursues self-study, for some to gain a basic level understanding and for others to prepare for board of directors candidacy. Takes advantage of management and board provided information;
- The skills necessary for effective communication, consensus and conflict resolution; and
- Their own and others roles so that they may effectively engage with other family owners, the board and with management and support the boundaries between them.

### Seeks Alignment

Actively pursues opportunities to develop alignment among other family owners, the board and with management. With other owners seeks alignment on vision and values and goals for growth, risk, profit and liquidity.

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### **Balances Self-interest**

Without abandoning self-interest, seeks to understand the interests of all owners, but also the interests of employees and management, customers and support businesses, the communities where business is conducted, in order to support what is right for all stakeholders.

### **Supports Management**

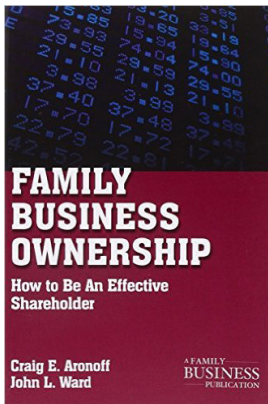
Demonstrates an understanding of the role of business managers and how it is separate from owner and governance roles. Develops a trusting relationship with key managers which communicates support and appreciation. Resolves disputes and conflicts within the family owner group such that management is shielded from distractions or uncertainty about the owner base. Supports the accountability relationship management has with the Board of Directors.

### **Supports Family Strength**

Participates in events and traditions that allow family members to spend time with one another to build and maintain relationships and for new and maturing family members to become integrated into the culture. Supports the work of an organized Family Council to provide opportunities for greater owner role effectiveness and family cohesiveness.

### **Supports Board Effectiveness**

Seeks to align with other owners to communicate with one voice. Remains vigilant by judging director candidates and electing those they can depend upon to take their fiduciary responsibilities seriously, can provide shareholders with confidence that they are holding management accountable and can ensure compliance with procedures and controls.



Much of the content of this piece was developed from the pioneering work of Craig Aronoff and John Ward, founders of The Family Business Consulting Group. For additional information about preparing for ownership see *Family Business Ownership: How to be an Effective Shareholder* (2011) Palgrave MacMillan.

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To learn more about The Family Business Consulting Group and how we serve families like yours, call us at (773) 604-5005 or email us at [info@thefbcg.com](mailto:info@thefbcg.com). There is absolutely no obligation.

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