Wearing the Right Hat: The Often-Overlooked Discipline of Leading a Family Enterprise

By Shawna Lecuyer, The Family Business Consulting Group, Inc.

One of the great strengths of a family enterprise is that people care deeply, which is also one of the reasons roles can become so complicated.

A family member may walk into a meeting as a sibling, shareholder, director, and executive, all at the same time. Each role is legitimate, but each carries its own responsibilities and authority and may lead that person to see the very same issue through a different lens.

The challenge is not that family members wear multiple hats; in fact, in most family enterprises, that is both unavoidable and appropriate. The challenge is recognizing which role a particular conversation or decision requires, understanding the authority that comes with that role, and being disciplined enough to shift roles when the context changes.

When those distinctions are clear and communicated, families make better decisions, employees know where to turn, and relationships are more likely to remain healthy. Without that clarity, even the best intentions can create unintended consequences.

The Four Hats of a Family Enterprise

While every family enterprise is different, four separate roles, or "hats," are typically present, each serving an important but distinct purpose.

The Family Hat fosters connection, belonging, shared history, and legacy, providing the space where families nurture relationships, reinforce values, communicate, educate, prepare rising generations, and make room for the family to remain a family. As important as that role is, being a member of the family does not, by itself, confer authority to make decisions about the business.

The Owner Hat carries a different responsibility, requiring owners to consider what they want from the enterprise over the long term and to establish expectations around vision and values, growth, risk, profitability, and liquidity. Owners also elect the board of directors who oversee the enterprise on their behalf.

The Board Hat is one of stewardship and oversight. Directors are responsible for protecting the long-term health and value of the enterprise by approving strategy and major decisions, overseeing risk, selecting and evaluating the CEO, and holding management accountable for performance. A key nuance in this role is remaining focused on governing the business without stepping into management's responsibility for day-to-day operations.

The Management Hat carries responsibility for running the business, with the CEO and leadership team executing strategy, leading employees, allocating resources, and delivering results. Their authority comes from their organizational roles, rather than from family status or ownership.

None of these "hats," or roles, is inherently more important than another. They simply serve different purposes. Problems tend to arise when the authority, assumptions, or expectations that belong to one role are carried into a setting where another role should govern.

When Good Intentions Cross a Boundary

Consider a next-generation family member, Daniel, a summer intern working in a beverage manufacturing business who notices product sitting in a quality-hold area. The product is safe, but it cannot be sold because it does not meet certain product standards. Remembering his grandfather's frequent reminders about avoiding waste, he offers the product to employees to take home.

His instinct is generous, but his action creates a problem he does not anticipate. The product is subject to strict quality, traceability, and inventory controls, and other employees have been disciplined for removing product without authorization. By acting on a family value without fully understanding the protocols governing the product, Daniel inadvertently steps outside the parameters of his role as an employee.

The consequences extend well beyond his individual decision. Supervisors responsible for enforcing company policy are undermined, and employees who have been held accountable for similar conduct are left to wonder whether the same rules apply to members of the family. The company is also exposed to regulatory and audit risk that Daniel does not fully appreciate.

This is where wearing multiple hats becomes complicated. The family value Daniel is trying to honor is not the problem. What he does not fully appreciate is that, in this setting, established protocols and lines of authority apply to him in the same way they apply to every other employee. His position as a member of the family does not change the responsibilities or boundaries of his role in the business.

Daniel's experience illustrates how easily the Family Hat can cross into the Management lane, even with the best of intentions. What feels like a small and reasonable action in the moment can have much broader implications for authority, fairness, employee trust, and risk.

Why Shifting Between Roles Is Harder Than It Sounds

Moving between roles sounds simple in theory, yet in practice it can be remarkably difficult because family roles are not jobs or positions we simply leave at home.

A parent is still a parent in a shareholder meeting, just as a sibling rivalry does not disappear when two siblings enter the boardroom, and a founder does not suddenly stop feeling responsible for the company because a successor now holds the CEO title.

Likewise, someone who is simultaneously an owner, director, and executive cannot simply erase what they know, or how they feel, when moving from one role to another.

Shifting roles is not always difficult because someone lacks discipline; it is difficult because the roles themselves carry real emotional meaning. When you love your family and care deeply about the business, those identities naturally blend, making self-awareness every bit as important as governance structure.

The discipline, then, is not to eliminate the overlap but to become more conscious of it.

Sometimes the most useful thing a family leader can do is make the transition explicit by saying, "Let me answer that as a shareholder," or "Now let me put my board hat on." At other times, the needed distinction may be more personal: "This isn't a business conversation. Right now, I'd like to talk to you as your sister."

Those may seem like small distinctions, but they can create important clarity by helping others understand not only what you think, but also the role from which you are speaking.

The Role We Sometimes Forget to Protect

For family members who carry several roles at once, the business can become a nearly constant presence. Conversations at family gatherings naturally drift toward operations, performance, or decisions waiting to be made, and the individual may feel they can never fully turn off or step away because someone always needs their input, insight, or reassurance. Without realizing it, the Family Hat can become the least-worn hat of all.

Over time, this can take a toll on both the individual and the family. Interactions that were once relational and restorative can become increasingly transactional and task-driven. Siblings, parents, cousins, or children may begin to feel they have lost access to their family member because the business-related role is always present. Yet the person wearing all those hats may be experiencing something equally difficult: the weight of being needed by everyone, while having fewer opportunities to simply be a member of the family. It can be a difficult and surprisingly lonely place to occupy, particularly when the role never seems to end.

This is why intentionality matters. Making space to sit together as a family, connect at a human level, and talk about life rather than work is not a luxury; it is a form of relationship preservation. The Family Hat requires time, attention, and presence. When families safeguard moments to simply be family, they create room for the relationships to be nurtured, while also giving those who carry the heaviest responsibilities permission to set those responsibilities down, even if only for a while. In doing so, families preserve the trust and emotional connection that can sustain them through the inevitable challenges of owning, governing, and leading an enterprise together.

Creating Clarity Around Each Role

Good governance can make these shifts easier by creating appropriate forums for different conversations and helping family members understand which role should guide them in each setting.

Family meetings provide space for connection, communication, education, shared values, and rising-generation development, while owner meetings allow shareholders to engage around ownership expectations and other matters reserved for owners. Board meetings provide the forum for strategy, oversight, risk, and CEO accountability, and management meetings are where leaders make the operating decisions necessary to execute strategy and run the business.

Healthy family enterprises do not succeed because everyone stays perfectly inside a neatly defined box. Family systems are too human for that, and family businesses are too interconnected.

The goal is not rigid boundaries. It is conscious ones.

Family members can be owners, owners can be directors, directors can work in management, and all of them can sit around the same dinner table. In fact, much of the strength of a family enterprise comes from exactly that overlap, because the people involved often bring a depth of commitment, history, and perspective that would be difficult to replicate in another setting.

That overlap works best, however, when people recognize that the role they are occupying has changed and that the authority, assumptions, and expectations accompanying one role do not automatically travel with them into the next conversation.

Sometimes clarity begins with a simple question: **Which hat am I wearing right now?**

Asked with genuine self-awareness, that question can protect far more than decision rights. It can protect leadership credibility, employee trust, family relationships, and, ultimately, the enterprise the family hopes to pass to another generation.