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Defining and Documenting Roles in a Family Business

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Davis Wright Tremaine LLP

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Defining and navigating roles and responsibilities in any business is fundamental to the success of that enterprise. To create a culture of professionalism and accountability, every member of the team must have distinct and clear responsibilities— which is often easier said than done, given the unique nature of family businesses.

Often, a family business may have a general idea of each family member's responsibility, but taking the time to define the role and write it out takes that a step farther and creates accountability. To that end, a written document serves several purposes:

First, it allows family members to clearly see what their responsibilities are—how they fit into the family business as a whole and how their role is integral to shared success.

Second, a written document defines a level of professionalism that can otherwise be hard to establish in the unique family business environment, where home life and work life are often intertwined. It defines the role of each family member and can be used for future reference, especially when conflicts or tensions arise, and lays out expectations when one family member crosses the boundaries of another.

Third, like any other business, it is important to measure the performance of each family member. There may be some family members who are interested in growth and succession and others who

are interested in short-term profits and distributions. Measuring performance is an obvious factor that must be considered when critical strategic decisions are on the horizon.

Finally, the common saying that there are "too many chefs in the kitchen" may ring true for some family businesses. Defining and writing the roles of each family member can alleviate this tension almost instantly by clearly laying out the authority framework as it relates to each person.

Creating this type of structure and communicating on such a level also helps build trust. Investing the time in writing out the goals and expectations of each individual family member allows the family business owner to see the business team as a whole. Further, it allows family members to voice their own capabilities and the skills they possess in helping the business achieve its goals.

As a result, adequate decisions can be made on how to ensure growth and implement training, perhaps investing in educational opportunities and actualizing individual talents. The whole value of a functional and successful family business is its ability to operate collectively.

Assigning and navigating roles and responsibilities may require hard conversations. The process in itself can cause tension, especially in family businesses that have never mapped out such roles. Thus, it can be useful to seek out expert advice.

Bringing in a third-party advisor can help set the tone, keeping the discussions strictly professional and perhaps mediating when tensions arise. Experts can also keep the focus on the success of the business in addition to prioritizing various family perspectives.

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