

Fuzzy roles lead to business tension

Positions need to be redefined when a company passes from one generation to another or when people marry into the family

By Jenny Wagler

Before Scott and Rebecca Weatherford bought the family business, **Atco Wood Products**, family members knew their roles in the company: Rebecca's father was CEO, Scott was a contractor, and Rebecca was a stay-at-home mom and not involved in the company.

In particular, the leadership role was clear to everyone: Rebecca's father called the shots.

But after the deal closed in January 2007, Scott said, everything changed.

"I guess it was actually kind of unclear who was CEO at that point," Scott said. "The expectation was that Rebecca's father was going to stay on for a little bit and then retire. And once the deal closed, that wasn't quite how he viewed it."

With Scott and Rebecca's money now at stake in the company, the couple felt they needed to control the company's direction.

"Before, it might have been, 'OK, Dad, we don't agree with your decision, but it's your company, you can go with it,'" Scott said. "Now, the role was reversed: 'You may not agree with our decision, but this is how we're going to work.'"

Scott said as tension grew among the family members, it simultaneously grew among employees, who had become confused about who actually called the shots in the company.

Scott took a number of steps to clarify the situation, including directly telling employees that he was now CEO. But Scott said



Employees need to feel safe to point out when role boundaries have been crashed, according to CEO and co-owner of Suntech Optics and Bugaboos Eyewear Melanie Martin

the leadership role questions didn't fully settle until Rebecca's father retired a number of months after the purchase deal closed.

Problems with role clarity are commonplace in family businesses, according to family business adviser **Francine Carlin**, principal of the **Business Harmonizer Group**.

"In family businesses, roles get more blurred than in traditional businesses because of the emotional dynamic that impacts the relationship between the family employees."

On top of that, she said, family business roles can be particularly complex, mixing family roles, employee roles, ownership roles, roles vis-à-vis other employees and roles vis-à-vis the larger community. One individual, for example, could be mom, general manager, co-owner, boss and family spokesperson.

Melanie Martin, CEO and co-owner of **Suntech Optics** and **Bugaboos**



Family business adviser Francine Carlin: non-family employees in family businesses get confused and frustrated when leadership hierarchies are fuzzy

Eyewear with her brother **Brent Martin**, said the sibling duo is currently in the midst of honing their roles since Brent, the former CEO of both companies, returned to the company last fall after a few years away.

"It's very difficult not to parachute into each others' spaces because the boundaries are different for siblings than they are for employees," Melanie said.

She commented that Brent, who is currently **Bugaboos'** Canadian sales manager, needs to establish firm limits to his role as co-owner.

"It takes an incredible amount of restraint for him to sort of say, 'I see all these things but it's not really my

place to intervene there,'" she said. "So we've had to give him the channels to go through so that he's just not barking stuff out."

When restraint isn't used and roles bleed into inappropriate contexts, Carlin said, tension is almost inevitable. One particular risk, she noted, is for an individual's family role to bleed into their business role.

"Sometimes in the business, Mom or Dad forgets that they're the boss and not the parent," she said, noting this can arise, for example, when a child announces a plan to leave the company for a new career.

"The parent says, 'How can you do that? This is our business,'" she said, noting



Atco Wood Products CEO Scott Weatherford says he's clearly defining roles and expectations in his company to protect his kids, in the future, from the fallout he and his wife faced when they took over the family business

the parent's emotional reaction ratchets up tension.

To avoid the pitfalls of poor role definition, Carlin advocates that companies establish a procedure for defining roles as part of their strategic planning.

Crucially, she said, those roles need to be revisited and re-defined at any crucial turning point for either the business or the family – from a generational power changeover to a marriage. To aid with this, she says, companies may look to governance structures, such as family business councils.

Beyond defining those roles, Carlin said, roles need to be made clear to everyone in the company – particularly to non-family members.

"[Non-family members] need to know that there's a chain of command that says, 'Even though so and so has the name of the family business, they are not my boss; I am their boss.'" ■

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