

## Fact sheet: Roles in business — helping you plan



There are no hard and fast rules around how you should run your business. When you come to consider a succession plan, however, it can be helpful to model the options using an analysis of roles in business.

When you're running a business, you're probably not even aware of how many hats you wear, all at once. You're too busy dealing with the day to day. If you're running a family business, it can be even more challenging, as the people you deal with may be as family as well as colleagues and employees.

### Roles in business

The basic roles in business are: ownership, governance, management and operations. Perhaps you perform all these roles together and don't even realise it. But if you're considering what you want long term, for the business and for yourself, separating out the roles from each other can help you plan and make way for others to also take on some or all of the roles.

Below is an overview of roles in business which sets out some options for each.

### Our recommendation

There are no hard and fast rules around how you should run your business. This fact sheet gives you an idea of some of the ways the roles can be fulfilled.

If you'd like to talk through how your business might stage succession, we can look at what the business can deliver to help you meet your long term goals.

Role	What is it?	Why does it matter?
<b>Ownership</b>	<p>Pretty obvious, you think: you either own the business or you don't. But there's more to it.</p> <p>It's who owns the business. The ownership structure, which may cover a succession plan.</p>	<p>The right ownership structure for your business is important but what's 'right' might change over time.</p> <p>Do your long-term goals include retiring some day and seeing the business continue? Does the ownership structure fit your future needs?</p>
<b>options</b>	<ul style="list-style-type: none"> <li>'you're either in or you're out': being bought out of the business, whether by younger family members or non-family members</li> <li>leave money in the business as an investor and make it easier for upcoming family members to come into the business</li> </ul>	
<b>Governance</b>	<p>The long term strategic planning for the business.</p> <p>Ensures the business meets the owners' goals.</p>	<p>In a traditional model, whoever owns the business has the final say over where the business is heading.</p> <p>A structured governance process can ensure the owners' wishes are being met.</p>
<b>options</b>	<p>A family advisory board: people selected by the owners, can include family members with an interest in the business and independent advisors:</p> <ul style="list-style-type: none"> <li>a way to bring younger people into strategic management and still retain the</li> </ul>	

	<p>knowledge and experience of founding generation</p> <ul style="list-style-type: none"> <li>• can bring in specialist expertise eg from farm advisors, accountant, solicitor</li> <li>• can defuse family tensions about the business — an external facilitator can keep discussions on track</li> <li>• can take the pressure of the final decision off Mum and Dad if everyone agrees the final decision rests with the board</li> </ul>	
<b>Management</b>	<p>Runs the business day to day. Breaks down long term goals into targets set at the monthly, quarterly, or annual level and keeps the business on track.</p> <p><b>options</b></p> <ul style="list-style-type: none"> <li>• train family members up into management roles, to take on responsibility to ensure business performance is in line with the goals set</li> <li>• employ an experienced farm manager over a transitional or long-term period</li> <li>• take on an apprentice to train as farm manager.</li> </ul>	<p>Management is often the activity that happens after 9pm, when you finally have some quiet to look at cashflow and the feed bills. Family coming into the business may want other choices.</p>
<b>Operational</b>	<p>Where the work gets done. Day to day running of the business. This generally involves the non-financial side of the business operation, however there may be financial targets set that the operational team are required to achieve.</p> <p><b>options</b></p> <ul style="list-style-type: none"> <li>• agree to make experience in some or all the operational areas of the business a condition for progressing to having a say in the business.</li> <li>• hire externally to fill some roles in the business as a stop gap or for future sale opportunities.</li> </ul>	<p>Many family farming businesses see experience at this level as essential to really understanding the business.</p>

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