KATALYST ADVISORS

FROM FOUNDER TO FRAMEWORK · PART 8

Family Members Relate to the Enterprise in Different Ways.

Active and Passive Members

Who Leads, Who Governs, Who Owns and Who Exits

Positions | Pathways | Alignment

The Map	The Pathways	The Answer
Seven Positions in One System	Lead, Govern, Own or Exit	Alignment Before Distribution

Swipe →

01

THE FACTUAL MATRIX

The Family Is Mapped Before It Is Designed

Size and Dynamics

How many members, branches and generations there are, and how they relate to one another and to the founder.

Wealth Complexity

What the family owns in the business and outside it, and whether it is held personally, jointly or through vehicles.

Involvement

Which members work in the business, which professionals run it alongside them, and which members stand apart.

Expectations

What each member expects from the enterprise: a role, a voice, a return, or the freedom to leave.

Facts Before Structure

The same structure can suit one family and fail another, so, the facts of the family are established first.

02
THE MAP

One Family, Seven Different Positions

Working Family Owners
OWN AND WORK

Belong to the family, own shares and work in the business, so authority, responsibility and family expectation meet in one person.

Family Employees
WORK ONLY

Work in the business without holding shares, so their standing rests on their role and remuneration rather than on ownership.

Passive Family Owners
OWN ONLY

Hold shares without a role in the business, so their relationship with the enterprise is economic and rests on information and returns.

The Wider Family
NEITHER

Spouses and the next generation, outside both ownership and the business, yet affected by the decisions of each.

Three More Positions Outside the Family

Outside owners, owner managers and professional management complete the map, each with interests of its own.

03
ALIGNMENT

Disputes Over Shares Are Often About Roles

Four Elements Held Together

THE ELEMENTS

Economic participation, decision authority, operational responsibility and expectation either reinforce one another or pull apart.

A Stake Without a Voice

PASSIVE MEMBER

A member who owns shares but is excluded from governance tends to frame the grievance as unequal ownership.

Responsibility Without Authority

ACTIVE MEMBER

A member who carries the business without matching authority tends to question how its returns are shared.

Fairness Becomes a Proxy

When these elements diverge, distribution becomes the visible site of a structural imbalance.

04

PARTICIPATION

Four Ways to Relate to the Enterprise

Leading the Business

LEADERSHIP

Responsibility for strategy, execution and credibility, with entry guided by capability and training rather than lineage alone.

Shaping Direction

GOVERNANCE

Influence through board roles, advisory functions and stewardship of the long-term vision, without operational responsibility.

An Economic Stake

OWNERSHIP

Ownership as a legitimate relationship in itself, so passive members are included without being drawn into decisions they cannot influence.

Leaving Without Disruption

EXIT

Disengagement is a legitimate pathway rather than abandonment, and is structured so that a member can leave without unsettling control.

No Single Pattern of Participation

Where every member is expected to engage in the same way, authority diffuses and expectations collide.

05
EXPOSURE

The Same Event Falls Differently on Each Member

AN ACTIVE MEMBER

Death or disability takes away leadership as well as a shareholder.

Authority has to pass to a successor, who may not be the one who inherits the shares.

The answer is leadership succession: a successor prepared and delegations in place.

A PASSIVE MEMBER

Death, dispute or divorce changes the shareholder map, while the business runs as before.

Heirs, a spouse or a dissenting member usually seek liquidity rather than a role.

The answer is ownership succession: transfer terms, valuation and exit agreed in advance.

Two Systems, Two Instruments

Leadership succession and ownership succession fail in different ways, so each is planned on its own.

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The Takeaway

Family members relate to the enterprise in different ways, so each is given a defined pathway rather than identical rights.

Positions	Seven positions across family, ownership and business, each with its own expectations.
Alignment	Participation, authority, responsibility and expectation held together, so fairness is not argued by proxy.
Pathways	Leadership, governance, ownership and exit, each a legitimate way for a member to relate to the enterprise.
Succession	A successor for those who lead; liquidity and exit terms for those who own.

Once participation is defined, governance can emerge with clarity.
The next question is why different assets need different governance.

NEXT → Different Assets, Different Governance