



Managers to stewards

Reshaping relationships within family enterprises

Kim Venter

Across Australia, family business and family office leaders are navigating a period of profound change. Last year, KPMG Australia, NAB Private Wealth and JBWere co-hosted roundtable lunches in Melbourne, Sydney, Brisbane and Perth, bringing together senior and next-generation family members, and non-family executives from a broad spectrum of industries. The goal was to explore how families are evolving their relationship with their enterprises and to share practical insights for navigating the complexities of ownership, governance and stewardship.

These conversations revealed a clear shift in mindset. Families are moving beyond the traditional ‘family-run’ model, embracing new approaches to ownership and governance that prioritise long-term stewardship, purpose and alignment. The following sections examine the key themes, lessons and questions that emerged from these discussions, offering insights for families seeking to future-proof their enterprises.

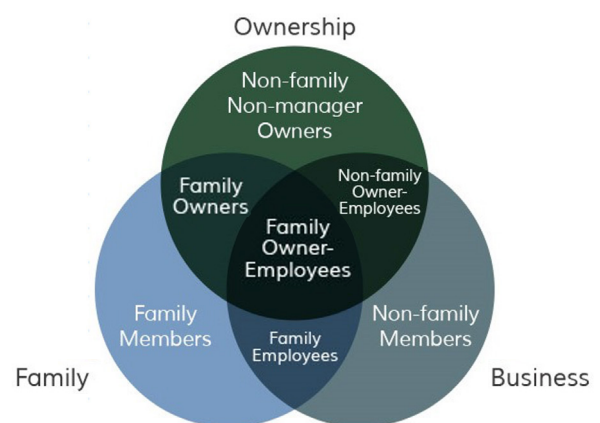
Why this topic, why now?

The relationship between family and business is not static. What made a family enterprise successful in the past may not be fit for purpose in the future. As we see families and their wealth grow, diversify and transition across generations, the need for clarity around roles, responsibilities and values becomes ever more pressing.

A useful way to understand these dynamics is through the Three-Cir-

cle Model of the Family Business System—a framework [developed and first published in 1982 by Professor Renato Tagiuri and doctoral student John Davis at the Harvard Business School] that distinguishes between the family, the ownership group and the business itself. This is shown in Figure 1. Each of the seven positions represents distinct perspectives, attitudes and priorities. Importantly, these positions are not fixed, and individuals may move between circles as their careers and lives evolve.

Figure 1. The Three-Circle Model of the Family Business System



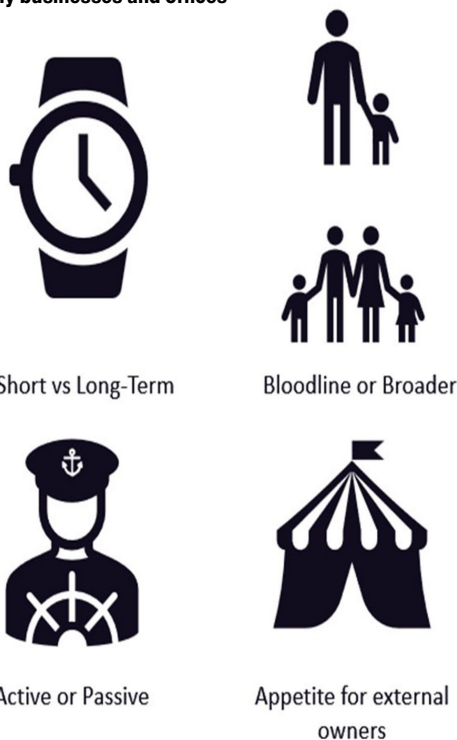
Source: Tagiuri and Davis, 1982

The meaning of wealth: Beyond the balance sheet

For business families, wealth is more than financial capital. Socio-emotional wealth (SEW) recognises the intangible assets of identity, belonging, legacy and continuity, and plays a critical role in shaping decisions and behaviours.

During the roundtable lunches, participants spoke about the importance of family influence, a sense of belonging and the emotional attachment that comes with stewardship. These dimensions surfaced in stories about generational transitions, the pride of legacy and the tensions that exist in balancing tradition with innovation. Families that appreciate and nurture their socio-emotional wealth are often better equipped to manage transitions, navigate conflicts and sustain unity across generations.

Figure 2. Ownership and operational considerations for family businesses and offices



Source: JBWere

Ownership attitudes: Subtle shifts, lasting impact

One of the most powerful insights from the roundtable series was the exploration of the diverse ownership attitudes within and across families. While some families maintain a strong preference for active involvement and bloodline ownership, others are exploring broader definitions of family, longer-term horizons and openness to external capital. These considerations are depicted in Figure 2.

These attitudes are often shaped by family history, culture and individual personalities and preferences. Importantly, they are not fixed, and families can, and do,

evolve their approach over time, especially as an enterprise grows and diversifies. What stood out in the discussions was the value of making these attitudes explicit, so that all stakeholders understood the underlying assumptions guiding strategy and decision-making.

Active versus passive ownership: Insights from the roundtables

The distinction between active and passive ownership was the focal point of our discussions, and it is here that the most practical insights emerged.

Active ownership is often associated with direct involvement in management, a hands-on approach to strategy and a strong emotional connection to the business. Families spoke about the satisfaction of shaping an enterprise's direction, the sense of responsibility that comes with leadership, and the value of quick decision-making and engaged and aligned ownership mindsets within the management team.

However, active ownership can also bring risks, namely:

- the potential for role creation versus role necessity
- limited objectivity
- external perspective and pressure on next-generation members to step into roles they may not be prepared for or interested in.

Passive ownership, by contrast, offers flexibility and the opportunity for family members to pursue other interests. It can reduce operational stress and encourage the inclusion of non-family management, bringing fresh perspectives and external expertise. Yet, passive ownership is not without its challenges. Families highlighted the risk of disengagement, information gaps and perceived inequity—especially when passive owners feel disconnected from the enterprise's purpose or decision-making processes.

While active and passive ownership can be looked at in absolute form (that is, all family are involved or all family are excluded from management), what became clear is that most family enterprises will have both active and passive owners, and the goal is not to choose one model over the other, but to design governance and engagement strategies that maximise the strengths of each.

This means:

- creating clear, transparent communication channels
- building robust governance structures (i.e. advisory boards, family councils, ownership assemblies) that cultivates inclusion
- investing in education—not just in financial literacy, but in the responsibilities and opportunities of ownership
- recognising that stewardship is a shared responsibility, whether expressed through day-to-day management or strategic oversight.

Importantly, passive ownership does not mean abdication. Stewardship can be expressed through vision, governance and a commitment to an enterprise's long-term success. The roundtables highlighted that families actively engaging passive owners through education, inclusion in governance and connection to purpose are better positioned to sustain unity and continuity.



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Kim is JBWere's director, family advisory. She has nearly 20 years' wealth management experience, including private banking and investment management roles in Canada and South Africa. Kim works closely with specialists across the business to provide tailored advice and support associated with the transition of wealth and control between generations, allowing families to preserve and grow their wealth and legacy well into the future.



The quote

Families are increasingly distinguishing between owners and managers, allowing family members to move from operational to strategic roles as the enterprise diversifies.

Strategic considerations: What's emerging from the discussions

Several practical strategies for families navigating the transition from managers to stewards became evident over the course of the roundtable.

Families are increasingly distinguishing between owners and managers, allowing family members to move from operational to strategic roles as an enterprise diversifies. There is growing recognition that governance frameworks (that is, boards, councils, assemblies) create more opportunities for engagement, support layered decision-making and foster greater communication and transparency.

What does success look like?

Success in family enterprises is measured in decades, not quarters. The most resilient families are those that regularly revisit their shared vision, values and goals, ensuring that every member understands and feels connected to the enterprise's purpose and the role they can play. They balance individual needs with collective objectives and embrace stewardship and custodianship as guiding principles.

Governance is not just about rules. It is about creating a culture of trust, accountability and shared purpose.

Questions for families to consider

Drawing on the key takeaways from the roundtables, we collated some of the key questions that can help families in continuing their conversations about success as a business family:

- How do we ensure our purpose and vision remain relevant as our family and enterprise evolve?
- Are our governance structures fit for our current and future needs?
- How do we balance individual aspirations with collective goals?
- How do we foster a culture of learning and adaptability across generations?
- What education sessions are available to assist family members gain knowledge?
- How do we ensure that passive owners remain connected and informed?
- What mechanisms do we have to bring to the surface and address differences in ownership attitudes and strategic priorities?
- Do we have mechanisms in place to anticipate and manage transitions?
- Who can we consult with to assist us in this journey?

From managers to stewards

The evolution from managers to stewards marks a pivotal shift for family enterprises. As families embrace new models of ownership, governance and engagement, they move beyond day-to-day management to focus on long-term stewardship and shared purpose. This journey is not without its challenges, but the rewards of unity, resilience and continuity are profound.

Success depends on regular reflection through revis-

iting vision, values and goals, and ensuring every family member feels connected to the enterprise's purpose. Effective governance is more than a set of rules. It is a culture of trust, accountability, and adaptability.

Families that invest in education, transparent communication and inclusive governance are best positioned to navigate transitions and sustain success across generations. The conversations started at the roundtables are just the beginning. By continuing to ask the right questions and fostering an open dialogue, families can future-proof their enterprises and build legacies that endure. **FS**

This paper was contributed to by Daniel Trimarchi, national lead, family dynamics & governance, KPMG Australia.

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