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Family Strategy with Professional Execution: Improving Daily Reliability in Family-Owned Service Small and Medium-sized Enterprises

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Abstract:

Decision-making power shared between owners and front-line employees influences daily reliability in family-owned service Small and Medium-sized Enterprises(SMEs). This paper proposes a model termed "Family Strategy with Professional Execution" and undertakes a comparative analysis against over-centralized family control. On-time task completion (finishing routine tasks within a target window) is used as a practical, observable indicator. Three hypotheses are articulated regarding delegation, service intensity, and role clarity. The approach integrates a literature review with a documented before–after case of Din Tai Fung to illustrate how standard operating procedures (SOPs) and bounded frontline authority can reduce waiting, stabilize customer journeys, and improve completion. Contexts of highest effectiveness are clarified—particularly service segments with relatively homogeneous demand and brand sensitivity to service quality. A measurement framework and actionable implications are outlined for future empirical tests.

Keywords: Family-owned SMEs, Service operations, Standard operating procedures (SOPs), Employee empowerment, Professional execution

1. Introduction

Small and medium-sized enterprises(SMEs) account for approximately 99% of firms and roughly 50–60% of business-sector value added in OECD economies [1]. Globally, SMEs account for about 90% of businesses and more than half of employment, generating a large share of formal jobs in emerging markets [2] [3]. Over the past decade, the services sector has consistently contributed more than half of global GDP, indicating that incremental improvements in service execution can scale to macroeconomic significance [2]. Post-pandemic conditions—tighter labor markets and heightened customer expectations—have fur-

ther elevated the premium on micro-level reliability: the proportion of standard tasks (checkout, order assembly, replenishment, routine complaint resolution) completed within SOP-defined windows [1]. Family firms possess distinct strengths—trust, long-term orientation, and a clear organizational identity—yet when small routine decisions (e.g., a modest discount, a simple complaint, a stock refill) require owner approval, queues form, initiative declines, and customers experience delays. A practical governance question follows: Where should family authority end, and where should professional, SOP-guided authority begin?

Two models are compared:

· Model A: Family Strategy with Professional Execution. The family retains strategy and genuine exceptions; trained non-family staff are granted bounded authority within SOPs to close routine tasks promptly.

· Model B: Over-centralized Family Control. The owner approves many micro-decisions, producing decision queues and performance variability.

The contribution is micro-level and measurement-ready. Rather than focus solely on firm-level governance, front-line decision rights during the service day are examined. Decision-rights design is linked to decision latency, rework, and on-time task completion, which can be derived directly from POS or handheld timestamps [4][5]. Applicability is clearest in mid-to-high-end fast-casual dining (e.g., Din Tai Fung), where demand is relatively homogeneous and service quality strongly influences brand reputation.

2. Literature Review and Hypotheses Development

2.1 Family firms and daily operations

Research on family business has examined ownership structures, firm performance, and succession dynamics [6][7][8]. These studies typically adopt firm-level or owner-level perspectives. The present analysis extends the discussion to the routine task level within a service day, illustrating how the allocation of decision rights, the boundaries of such authority, and the timing of escalation influence latency and variability directly experienced by customers.

2.2 Management practices, SOPs, and empowerment

Cross-country studies document wide dispersion in management practices and their connection to performance [9][10]. Operations and service management research indicates that standardized work and clear roles reduce defects and accelerate problem solving, while empowerment improves service outcomes when decision boundaries and escalation rules are clear [5][11][12]. These insights are integrated for family firms via bounded discretion: limited but real front-line authority within SOPs, plus clean escalation.

2.3 Waiting time and expectations

Customer behavior research indicates that waits exceeding expectations negatively affect perceived service quality [13][14][15]. This evidence supports the focus on on-time task completion and explains the value of immediate front-line closure within small authorization limits.

2.4 Hypotheses

H1 (Delegation–Completion). Firms implementing Family Strategy with Professional Execution exhibit higher on-time task completion than firms employing over-centralized control.

H2 (Service-Intensity Amplifier). The H1 effect is stronger in service-intensive formats where micro-decisions directly shape flow (e.g., quick-serve dining, standardized retail).

H3 (Role-Clarity Mediation). The H1 effect is partially mediated by role clarity and SOP adherence.

3. Methodology

3.1 Overall design

A mechanism-driven comparative design is adopted. Foundational studies on authority design, SOPs, and service empowerment are reviewed, alongside survey evidence on management-practice dispersion [9][10]. Official reports from the OECD and the World Bank/IFC provide macro context regarding the economic weight of SMEs and the importance of reliable service operations [1][2][3]. Finally, a before–after case of Din Tai Fung—

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a family-founded brand operating with codified SOPs and publicly verifiable process markers—is incorporated [16] [17].

3.2 Data sources and selection

Academic articles. Major publisher websites and reputable repositories were searched for key work on formal versus real authority, standardized work, role clarity, and empowerment; priority was given to foundational and widely cited studies.

Official statistics and reports. OECD and World Bank/IFC sources were used for SME scale, service-sector weight, and post-pandemic conditions.

Case materials. A Harvard Business Publishing/Ivey case and credible features documenting Din Tai Fung's standards—approximately 18 pleats per dumpling, ~21 grams per piece, and a clear takt target for experienced chefs—were employed to evidence SOPs in daily operations [16] [17].

3.3 Measures

On-time task completion. Percentage of tasks completed within the SOP window (e.g., checkout ≤ a defined threshold; standard complaint resolution ≤ a defined threshold), computed from POS/handheld timestamps.

Delegation/authority design. Presence of authorization caps, front-line closure rights for routine cases, and explicit escalation rules.

Role clarity/SOP adherence. Audit score based on documentation, training, and coaching routines (e.g., standardized work sheets, daily huddles).

Service intensity. Categorical distinction (quick-serve/standardized retail vs. bespoke services) and, where available, throughput (transactions per labor hour).

3.4 Analysis steps

First, a mechanism table comparing Model A and Model B across ten operational dimensions was constructed (Figure 1). Next, a before–after summary for Din Tai Fung was developed (Table 2) linking SOP codification to throughput and reliability. Emphasis is placed on concrete, measurable mechanisms suitable for field testing.

4. Results

4.1 Mechanism comparison (Model A vs. Model B)

Table 1 summarizes why Model A is expected to outperform Model B with respect to on-time task completion. Bounded front-line authority shortens decision chains and reduces rework; clear roles and SOPs improve cross-shift consistency; routine coaching supports the persistence of improvements. Under Model B, micro-decisions accumulate at the owner approval stage, creating idle time and fragile performance.

Table 1. Mechanism-Based Comparison of Two Models

Dimension	Model A: Family Strategy + Professional Execution	Model B: Over-Centralized Family Control
Decision rights & latency	Front line has bounded authority inside SOPs → fewer approvals, faster closure.	Owner validates many small decisions → approval queues.
Customer journey	Standard complaints and micro discounts closed on the spot → smoother flow.	Frequent "ask the boss" loops interrupt service.
Role clarity & SOPs	Clear "who decides and when to escalate" → less rework.	Blurred roles; default to escalation.
Participation & adoption	Coaching to standard; team owns milestones → changes stick.	Top-down orders; low adoption.
Owner time allocation	Owners focus on strategy and exceptions.	Owner time consumed by approvals.
Capability & retention	Real but bounded autonomy → engagement and retention.	Low autonomy → turnover and retraining.
Digital tooling fit	POS/tasks + thresholds + authorization → real-time closure.	Systems record but do not decide.
Scalability & resilience	Replicable rules → cross-store consistency and peak handling.	Performance tied to one owner.

Quality/cost of execution	Fewer handoffs → fewer defects, better labor productivity.	More ad hoc fixes and rework.
Measurement readiness	Easy tracking of completion, escalations, cycle-time stability.	Sparse timestamps; slow learning.

The main channels behind higher completion under Model A are reduced decision latency, lower rework, and stronger adoption. These channels are observable in existing operational systems.

4.2 Before–after case: Din Tai Fung

Din Tai Fung originated as an artisanal enterprise and subsequently transitioned to SOP-codified operations. Public documentation describes specific standards—approximately 18 pleats, about 21 g per dumpling, and a defined takt for experienced chefs—indicating transparent tempo control and enabling consistent throughput across locations [16][17]. The governance arrangement thereby grants front-line professionals bounded authority within SOPs, while exceptions are escalated to higher levels.

Table 2. Din Tai Fung—Before vs. After

Aspect	Before: Artisanal/Family-Centric	After: SOPs + Professional Execution
Organization	Heavy reliance on masters; tacit know-how.	HQ codifies processes; trained staff execute within SOPs.
Roles & training	Skills vary by chef/site.	Systematic training; clear role boundaries; staged assessments.
Execution standards	Output varies; hard to replicate.	~18 pleats, ~21 g, defined takt → predictable flow and consistency.
Throughput & replication	Capacity fragile; craftsmanship bottlenecks.	Stable throughput; easier scaling and site cloning.

Table 2 summarizes the transition from an artisanal, family-centric operating mode to an SOP-codified professional execution model. In the "before" column, reliance on tacit know-how and master artisans implies uneven skill dispersion, unclear role boundaries, and output variability across shifts and sites. In the "after" column, headquarters-led codification introduces standardized training, staged skill assessment, and explicit role definitions, while bounded front-line authority enables routine closure within SOP limits and escalation for true exceptions. Publicly visible standards (e.g., pleat count, target weight, and takt) function as shared references for coaching and audit, reducing rework and stabilizing flow. It can be observed that this bundle—codified methods plus clearly delimited discretion—supports consistency, facilitates replication across locations, and provides measurable signals (completion, escalations, variance) that align with the paper's mechanism logic and hypotheses.

5. Discussion

5.1 Where the model works best

The model is most effective when (i) demand is relatively homogeneous (stable SKUs/portions), (ii) service quality directly affects brand reputation, and (iii) tasks are frequent and timestamp-observable via POS, handheld devices, or mobile applications. These conditions align with mid-to-high-end fast-casual dining and standardized retail counters. In highly customized or project-based services, additional coordination mechanisms (tiered approvals, project charters) are required, and effects are typically smaller.

5.2 Practical steps for managers

Bounded authority should be formalized by specifying decision-makers, monetary caps for routine exceptions, and escalation triggers. Standards should be made visible through clear time windows and regular tracking. Exist-

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ing POS timestamps can identify violations and rework, while short daily huddles facilitate removal of root causes. Brand protection requires retaining non-routine, high-risk decisions at senior levels. Regular audits of role clarity and escalation discipline aid scaling across shifts and locations.

5.3 Contribution to prior research

Relative to family-business studies [6][7][8], a routine-level lens is provided with an audit-ready process metric (on-time completion) linking governance to daily operations. Relative to management-practice work [9] [10], abstract "practice quality" is translated into decision-rights design plus SOP-based role clarity. Relative to empowerment and operations research [11][12][5], bounded discretion is adapted to family contexts, with escalation preserving strategic control while improving speed.

5.4 Limitations and future work

This paper is conceptual and mechanism-focused; randomized or quasi-experimental identification is not undertaken, and effect magnitudes cannot be established. Future work may implement pre-post pilots (authorization caps and SOP checklists in matched stores), test role-clarity/SOP adherence as a mediator (H3), and examine heterogeneity by service intensity (H2) with complementary customer outcomes.

6. Conclusion

Family-owned service SMEs can maintain strategic family control while achieving faster and more reliable daily execution through Family Strategy with Professional Execution. Granting bounded front-line authority inside SOPs reduces queues, clarifies roles, and enables straightforward measurement. Effectiveness is strongest where demand is homogeneous and brand reputation is sensitive to service quality. The Din Tai Fung case illustrates how public standards can anchor this approach, transforming artisanal excellence into repeatable, scalable performance. A practical measurement blueprint—on-time completion, escalation frequency, rework rate, and cycle-time variance—supports rigorous testing in future studies.

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