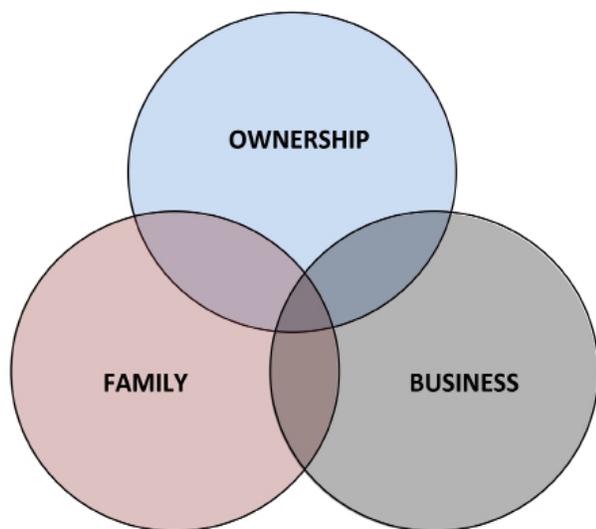


## Business Family Governance

### How to Handle Business and Family Matters Effectively?

#### OVERVIEW

Family businesses constitute the world's oldest and most dominant form of business organizations. In many countries, family businesses represent more than 70 percent of the overall businesses and play a key role in the economy growth and workforce employment. There are three overlapping areas in all business family organizations: ownership, business and family.



#### COMMON AREAS OF CONFLICT

These overlapping ownership, business and family common areas may result in conflict:

- Family unity
- Ownership vs. control
- Shareholders rights and responsibilities
- Governance
- Compensation
- Successor choice
- Non-family managers
- Sibling teams
- Family values
- Business success vs. family love

## Business Family Governance

<b>WHY?</b>	<p><b>BUSINESS FAMILY GOVERNANCE CAN HELP MAKE DECISIONS</b></p> <p>While every family business is unique, a systematic governance approach can help any family business overcome conflict and achieve overlapping goals. Often owners wear all three hats for the following:</p> <ol style="list-style-type: none"> <li>1. Ownership</li> <li>2. Board of directors</li> <li>3. Business management</li> <li>4. Family member</li> </ol>
<b>WHO?</b>	<p><b>4 KEY GROUPS IN BUSINESS FAMILY GOVERNANCE</b></p> <ol style="list-style-type: none"> <li>1. Board of directors</li> <li>2. Board of advisors</li> <li>3. Family council</li> <li>4. Family assembly</li> </ol>

	<p><b>BOARD OF DIRECTORS</b></p> <p>A central institution in the governance of most companies: role, structure, and composition of the board vary from business to business.</p>
	<p><b>BOARD OF ADVISORS</b></p> <p>A body that advises the management of a corporation: unlike the Board of Directors, the advisory board does not have authority to vote on corporate matters and does not have a legal fiduciary responsibility. Advisors may include: Financial Planners, Accountants, Lawyers and Bankers.</p>
	<p><b>FAMILY COUNCIL</b></p> <p>A working governing body elected by the Family Assembly to deliberate on family business issues. The composition, structure and functioning of family councils differ from one family business to another. Typical duties include:</p> <ul style="list-style-type: none"> <li>• Being the primary link between the family, the board and senior management.</li> <li>• Suggesting and discussing names of candidates for board membership.</li> <li>• Drafting and revising family position papers on its vision, mission, and values.</li> <li>• Drafting and revising family policies such as family employment, compensation, etc</li> </ul>
	<p><b>FAMILY ASSEMBLY</b></p> <p>A formal forum for discussion for all family members regarding business and family issues. The purpose is to bring family members together to reflect on areas of common interest (both family and family business issues). This allows all family members to stay informed on the issues and gives them the opportunity to voice their opinions on business and family issues. These assemblies help avoid potential conflicts that might arise due to unequal access to information and other resources.</p>

Treating the business family in a more formal and organizational way can feel a bit strange at first. But the value of governance can benefit for both the business and family to achieve overlapping goals.

## Call Us to Learn More About Business Family Governance

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