



3 KEYS to BUILD & MAINTAIN FAMILY BUSINESS HARMONY



Family Constitution

A Family Constitution defines questions like:

- Why do we exist as a family business?
- What are our core values as a family?
- Who gets to come to work for the family business?
- Do you get in just because of your last name or do you actually have to be competent?
- Does there need to be a job opening?
- Do you come in under the salary structure that everybody else works for in this business?
- Is the family business a piggy bank for the family or will we run it professionally?

It all sounds like common sense, but many families don't do this work and then they end up with a mess because privilege runs rampant and eats at the core of the business.



Board of Directors

A Board of Directors is another common family business governance structure. This is an advisory board that consists of more than just family members and a couple of key employees. A well-structured board includes outside directors as well – professionals that can come in and make connections in the marketplace, are both business smart and people smart, and who can help owners with specific nuances in the business. This is a great tool when the leadership team may need more expertise. They can give a third-party perspective and call things out that family members have a hard time doing with one another. The right set of outside directors is gold for your family business.



Family Council

Another family business governance structure is a Family Council, where family members meet as a family to learn about the business, understand opportunities and keep everybody connected. Typically all the members of the family who are of a certain (predetermined) age are invited to attend the Council meeting.

Family Councils allow the leveraging of the family's strength and unity to build and nurture those important connections. This structure acts as an educational tool for the next generation and creates a place to help everyone understand that if they don't take care of it, they run the risk of hurting the business that helps feed many mouths. And so goes the adage, "don't kill the goose that's laying the golden eggs."

If you have questions on how to start building governance in your family business, email me at tgarrity@compasspt.com – I'd love to help you find the best solution.