

The Board and the Family Council

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Last month I was asked by one of my clients to make a presentation to their Board of Directors . My client owns a very successful third-generation family business. The family wanted to make sure that their work within the Family Council was understood by the non-family members of the Board of Directors, so that the family's goals, mission, and vision would be integrated with the Board's responsibilities to oversee the effective management of the business.

In addition to the traditional business responsibilities of the Board of Directors, family business boards must also be sensitive to the family's objectives, and how family issues have an impact on the business and the shareholders.

In my presentation, I outlined three major areas of responsibility to effectively promote the interface between the Family Council and the Board of Directors:

1. Values - Know the values and mission of the family and understand why the shareholders invest in the company for both economic and emotional reasons.
2. Family Dynamics - Make sure you understand the diverse positions and perspectives of family members and understand how the most critical family issues impact business strategy.
3. Succession - Affirm the important role that the Board has for intergenerational succession and understand the desires of the next generation. Make a commitment to the whole family, not just the senior generation.
4. Family Governance - Understand and keep up to date on the work of the Family Council.

As a result of my presentation, the board has made a commitment to include one of these topics at each of the upcoming quarterly board meetings. How effective is your Board of Directors? Do they understand your family and your commitment to building a family business legacy?