

Family Councils

The best investment a family will ever make

No amount of business success will ever make up for a family failure. If the family is not working right, sooner or later it will destroy the business. The creation of a family council is one way to restore the balance between business and family life.

Many people in business families view the work of the business as real and concrete, requiring careful planning and the investment of effort and material resources, while the work of the family is assumed to somehow take care of itself. However, to achieve a balance between family and business requires elevating the family to the status it deserves. In a family business, the wealth consists of three forms of capital: human, intellectual and financial – and without active stewardship of the human and intellectual capital, a family cannot preserve their financial capital.

The family council is a structure of the family, not of the business or shareholders. It honours the fact that all family members have a stake in issues of family identity – as current or future employees, current or future owners, or simply members of a family whose life is continuously affected by what happens in the family business.

Family councils provide:

- A forum for educating family members about the concept, the responsibility and the privileges of family business.
- A forum for identifying and teaching the family's values and how they affect the business.

- A forum for developing succession planning in the family to allow timely transition of the business.
- An opportunity for dialogue and input from family members on their own goals, ideas and perspectives.
- A process for resolving conflicts within the family.
- A place to establish and monitor family goals for achieving stewardship of the business.
- A place to design a family charter or mission statement that will ensure stewardship of the business.

Typical outcomes:

- Individuals are clearer about their roles – in the business, in the family, and as owners.
- Individuals understand and respect each other more.
- The family communicates more effectively.
- Individuals are more satisfied with the decision-making processes.
- Individuals feel more secure about the future.
- Key issues get resolved openly and levels of trust are improved.
- The family is better equipped to address new challenges.

Jim Reger is a business family facilitator and leadership mentor who works extensively with business families assisting them to effectively handle the special issues they face.