Family
Governance Charter

Value proposition

Studies have concluded that family-owned businesses tend to outperform non-family-owned businesses due to multiple reasons. However, family-owned businesses face challenges of succession, alignment of ownership interests, and strategic outlook amongst family members – which makes their survival difficult. A family governance charter is needed to define family & business legacy and enable its transition from generation to generation.

Our solution

01 Drafting a family governance charter after holding workshops with all family members

02 Providing a platform for sharing, bonding & mentoring – steering the family meetings / acting as an advisor/ observer along with an annual periodic review

03 Mentoring the next generation – aligning them to the family/business legacy

Scope of the solution

Articulating the family values

Understanding the vision for the family

Key outcomes:

- Vision statement for the family
- Alignment of family members to a common vision

Determining the family constitution scope

Outlining the scope of the constitution that will provide clarity to the stakeholders

Key outcomes:

- Framework of the constitution document
- Identify key issues that may require greater deliberation (E.g. dispute resolution mechanism)

Authoring the family constitution

Completing the text of document, along with the required safeguards and policies

Key outcomes:

- First draft of the document
- Highlighting questions, if any, that may remain unaddressed

Implementation of the family constitution

Create guidelines to ensure successful transition and governance

Key outcomes:

- Implementation framework
- Periodic review

Illustrative charter topics

Family council

- Defining eligibility criteria for admittance to the family council
- Role & functioning of the family council and decision-making process

Family and ownership

- Family ownership in the business/ownership of other family assets
- Inter-play between ownership & leadership

Family and business

- Legacy of the business identified with the family legacy/Gradual professionalisation of business
- Bringing in NextGen – eligibility requirements, ensuring a smooth transition

Wealth creation

- Investment plans of the family/Common pool to meet certain expenses
- Regular financial planning meets
- Plan on annual validation of investments

Succession planning

- Defining the age of retirement for existing generation/ benefits on retirement
- Post-retirement plans
- Setting up of trusts/wills

Managing differences

- Principles to be adhered to while managing differences
- Means to raise concerns/ defining resolution mechanism

Philanthropy

- Plan philanthropic objectives
- Agree upon an annual philanthropic commitment
- Means to create this corpus

Bringing in NextGen

- Criterion for next generation to enter business
- Requirement to attend training/ mentoring workshops

Other chapters

- Amendment to charter
- Acceptance by family members
- Outlining an implementation and decision-making framework

For more information, contact

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