

# EFFECTIVE FAMILY MEETINGS

## THE IMPORTANCE OF THE FAMILY ASSEMBLY AND THE FAMILY COUNCIL

*“Family meetings can help build a stronger family and a stronger business.” – Ward & Aronoff*

	FAMILY ASSEMBLY	FAMILY COUNCIL
<b>What is it?</b>	A forum for all family members for discussion about business and family issues	A working governing body that is elected by the Family Assembly to deliberate on family business issues and make recommendations to the family
<b>Family Stage:</b>	Start at the sibling stage, continue through successive generations until no longer practical due to the number of family members	Usually established when the family size (e.g., >30 members) makes it difficult to have meaningful discussions and make prompt, quality decisions
<b>Purpose:</b>	<ul style="list-style-type: none"> <li>Bring family members together to discuss and decide family and business topics</li> <li>Allow all family members to stay informed about business/family issues and give them the opportunity to voice their opinions and ask questions</li> <li>Prevent unequal access to information</li> </ul>	<ul style="list-style-type: none"> <li>To serve as a representative governance body for the family assembly and to coordinate the interests of the family members in their business</li> <li>The Family Council serves as the primary link between the family and the board</li> </ul>
<b>Membership:</b>	<p>All members of a family above a certain age (typically 16 or older):</p> <ul style="list-style-type: none"> <li>Shareholders and owners</li> <li>Spouses and significant others (define your family’s rules on who is considered a “significant other”)</li> <li>Children (typically 16 or older)</li> <li>Usually blood and adopted members</li> </ul>	<p>Members are elected by the Family Assembly:</p> <ul style="list-style-type: none"> <li>Define selection criteria prior to considering candidates: Who can serve? (Age requirements?) What qualification factors should be considered? What amount of time and availability should be required?</li> <li>Should be a manageable size, typically 5-9 members</li> </ul>
<b>Meeting Logistics:</b>	<ul style="list-style-type: none"> <li>Meet at least annually</li> <li>Designate a facilitator (outside advisor or a family member), scribe, committee to set the agenda and plan the retreat. These roles can rotate each meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Meet quarterly, bi-monthly, and as needed</li> <li>Meetings usually mimic a board meeting</li> <li>Agenda and minutes distributed to family shareholders to maintain transparency</li> </ul>



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<b>Meeting Topics:</b>	<p><i>The Family Assembly and Family Council do all of these things, but in a different way: Direct democracy or representative democracy.</i></p> <ul style="list-style-type: none"> <li>• Family cohesion (vision, mission, history, support, electing Family Council)</li> <li>• Family development (learning and education, planning philanthropy, skill building, polices)</li> <li>• Family policy enterprise (innovation, information sharing, director election, major policies and procedures in the family)</li> <li>• Family fun (games, activities, shared experiences, celebrate milestones and achievements)</li> <li>• Names of candidates for board membership</li> <li>• Family position papers on mission, vision, values</li> <li>• Family policies such as family employment, compensation, and family shareholding policies</li> <li>• Dialogue and make decisions for the family</li> <li>• Propose major initiatives to the Family Assembly</li> <li>• Other matters important to the family</li> </ul>	
<b>Other Notes:</b>	<ul style="list-style-type: none"> <li>• At the beginning, team-building is the main goal. Add in goals to strengthen the family and the business as you move forward together (establishing common goals, family harmony, family education)</li> </ul>	<ul style="list-style-type: none"> <li>• Council members may be paid by the company for their involvement and attending the meetings (expense reimbursement). Chairman may be paid a small stipend.</li> <li>• In addition to creating selection criteria, the Family Assembly must create and agree on election policies that make the most sense for the family, including: Length of terms (2-3 years), limit on number of terms (2 or 3), number of members turning over each year (i.e., staggered terms), etc.</li> </ul>

*“Our research and experience have shown that the implementation of regular family meetings is one of the three most important steps that business-owning families can take to ensure the continuity of the family business. (The other two steps are to establish an active board of directors and for the business’s leadership to engage in ongoing strategic planning).” – Ward & Aronoff*

**References:**

1. John L. Ward and Craig E. Aronoff (2011). *Family Meetings: How to Build a Stronger Family and a Stronger Business*.
2. International Finance Corporation (2011). *IFC Family Business Governance Handbook*.
3. <https://www.theifbcg.com/Family-Councils--Who-Needs-Them/>
4. <https://www.chicagofbc.com/the-who-what-how-of-family-meetings/>

