



**NSW STATE CONFERENCE
FRIDAY 3RD APRIL 2009**

RICHARD OWENS OAM

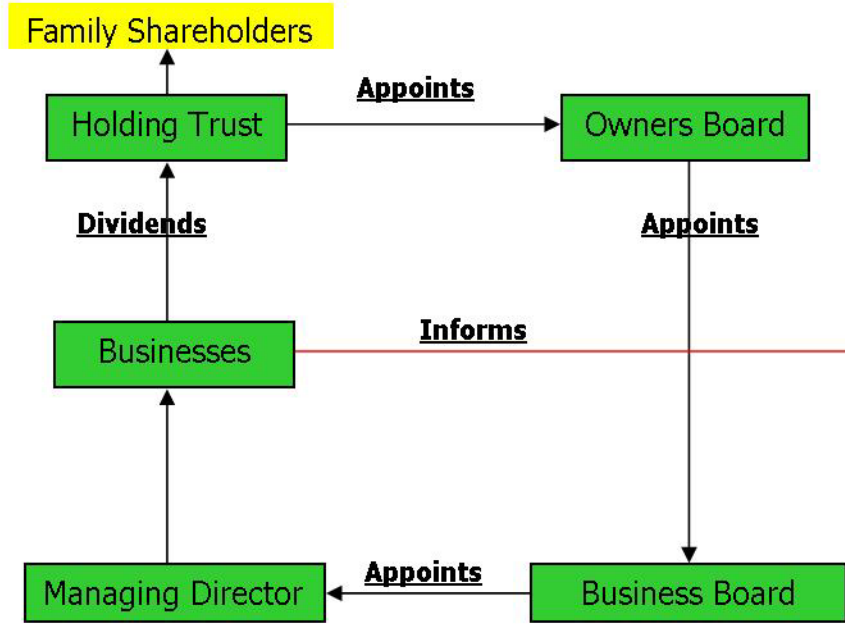
**IMPROVE GOVERNANCE AND AVOID A
CRISIS IN YOUR FAMILY BUSINESS**

GOVERNANCE

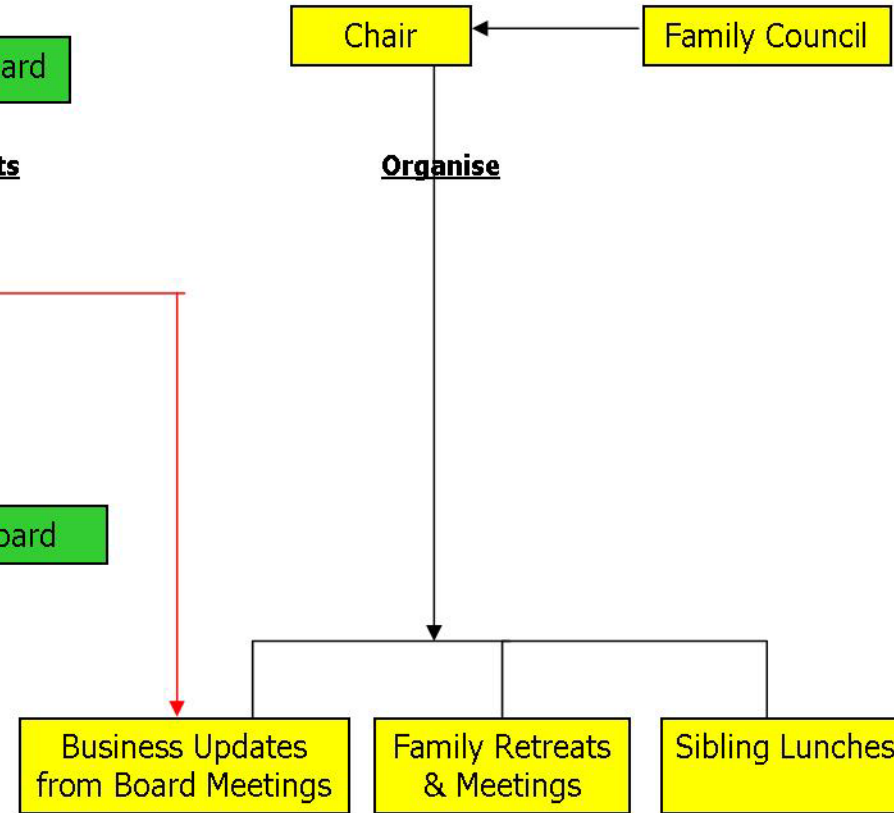
- Business Board.
- Family Shareholders Entity.
- Family Council.
- Family Constitution.
- Shareholders Agreement.
- Wills.

A FAMILY GOVERNANCE STRUCTURE

BUSINESS



FAMILY



BUSINESS BOARD

1. Mix of Family and Non - Family.
2. Independent Directors - Number ?
3. Selection of Independents;
 - a) Matrix of Skills
 - b) Encourage Business Peers rather than Professionals
 - c) Empathy with Family Member
4. Sunset Policy. E.g. 3x3 years
5. Board Self-Audit Periodically.

TEN BENEFITS OF AN ACTIVE BOARD

1. Providing In-House Experience and Expertise.
2. Encouraging Self-Discipline & Accountability in Management.
3. Providing a Sounding Board to Aid in Evaluating Business Owners' Ideas.
4. Offering Honest, Objective Opinions on Performance, Strategy, Compensation & Other Business Matters.
5. Assisting in Strategic Planning & Monitoring Implementation.
6. Offering Insight to Key People.
7. Asking Challenging, Penetrating Questions.
8. Giving confidential & Empathetic Counsel.
9. Aiding Creative Thinking & Decision Making.
10. Enhancing Cooperative Relations with Constituent Including Employees, Suppliers, Customers the Community at Large.

Source: *Creating Effective Boards for Private Enterprises* by John L. Ward (Business Owner Resources),

FAMILY COUNCIL AREAS OF **ACTIVITY**

- Family career development for entry into Family Business.
- Family hiring policy.
- Promotion policy.
- Conditions necessary to gain or lose a job in the company.
- Exposure of Family Members to what the business is about. Visits
- Family compensation policies.
- Family vacations.
- Education plan for family members.
- Community and Charitable involvement.
- Family Council Leadership.
- Speaking with one voice...unity of the Family.
- Help for those in need...compassion.
- Communications.
- How often should we meet.
- What is happening in their lives apart from business... time to catch up.

CONSTITUTION TO DEAL WITH

1. Representation of Family Groups....Owners Board.
2. Relationship with the Business....Chair of Family Council.
3. Business Management....Who and How appointed.
4. Conflict Resolution.
5. Sale of Shares. Who can buy? What price to sell.
6. Distribution of Earnings Policy.
7. Voting.
8. Employment of In laws and Defactos.
9. Remuneration of Family Members “Merit of Equality”.
10. Retirement of Family Members.
11. Divorces.
12. Co-Investment with Family Members.
13. Family Members who need special help. Accounting, general advice.
14. Education Trust.
15. Service to the Community.

FBA STATE CONFERENCE

Research Questionnaire

3rd April 2009

1. Do you have a Family Council?
How often does it meet?
What is its composition?

2. Do you have a Business Board?
How many on the Board?
How many are family members?
How many non-family members?
Executives?

3. Do you have a Family Constitution?
If not have you started to write one?

4. Do you have a Shareholders Agreement?
Are your children Shareholders?

5. Have you written a Will?
When was it last reviewed?