

SAMPLE

FAMILY CONSTITUTION ISSUES FOR DISCUSSIONS

Managing Succession

- How to identify the next president?
- When does the presidential transition take place (timing)?
- How do the current CEO and successor share planning and decision-making responsibilities during the transition?
- How to evaluate the next president's performance and plan for his or her replacement?
- What non-business interests will keep the senior generation fulfilled during retirement?

Family Business Careers

- How to decide which family members can join the family business?
- How to plan management development experiences?
- What preparation or experience, if any, is required?
- How to evaluate performance and reward achievement?
- What if a family employee does not perform?
- How to encourage the contributions of non-family employees?
- What if a family member chooses to leave the business?
- Whether to permit spouses, partners or other non-blood relatives to work full or part time in the business?
- Whether to allow the next generation's children to enter the business? Under what circumstances?

Compensation

- How to evaluate and compensate family members?
- How are bonuses determined?
- Who participates in stock option programs?

Ownership and Governance

- How to assure the senior generation of financial security?
- Who can own stock in the business?
- What returns and rewards do shareholders get?
- Whether to pay dividends?

- How to redeem stock to provide liquidity for shareholders?
- Does all stock have the same voting rights?
- How are members of the board of directors selected?

Family Relationships

- How to deal with conflicts between generations?
- How to deal with sibling or cousin conflict?
- How to teach young members and in-laws the business and also family traditions?
- How to share the family activities and customs with the next generation?
- How to develop and revise family agreements?
- How are family meetings and activities planned?
- How to create a process for family planning and decision-making?
- When to formalize the family governance by organizing a family council?

Responsibilities and Code of Conduct

- How to help family members with financial, personal, or career difficulties?
- What responsibilities does one family member have to others?
- What if there is a divorce?
- What if a family member breaks the law or acts in a seriously irresponsible manner?
- How much financial information to share? With whom?
- How to support family members' new business venture ideas?
- How to cope with the visibility and the public's expectations of successful families?
- What responsibility does the family have to the community?
- How to share credit for family achievements?

Source: R. Carlock & J. Ward, 2001. Strategy planning for the family business: parallel planning to unify the family and business, Palgrave, London.

FAMILY CONSTITUTION

<p>Vision and values</p>	<ol style="list-style-type: none"> 1. What are our hopes for the family, for the business? 2. Where do we want to be? 3. Does the family want to continue to own the business and what role does it want? 4. What are the business/family values?
<p>Process</p>	<ol style="list-style-type: none"> 1. How will we make decisions? 2. How will we manage differences? 3. How will we treat each other?
<p>Structure</p>	<ol style="list-style-type: none"> 1. How will we organize ourselves? 2. What are the policies and procedures for the family and for its relationship with the business? (Lifestyle? media? remuneration? family jobs? family bank? Political interests?)
<p>Participation</p>	<ol style="list-style-type: none"> 1. How will we select and train people to be governors? 2. What are the “rules of entry” to work in the business? 3. How will we ensure ongoing participation and communication with expanding family?
<p>Education</p>	<ol style="list-style-type: none"> 1. How will we educate the next generation about ownership, the business and family governance? 2. Who will take part and when?