

Insight 3 – Family Meetings

Jim had to miss the next day of running due to an event organized by one of his largest customers. As life happens in the running group, the next day it was just Dave and Jim.

Dave didn't mention anything specific until he and Jim set off running side-by-side along their normal route.

"So, Jim, thoughts on our conversation with Alan?" he asked.

"Lots of them," Jim replied. "It is actually a bit overwhelming when I think of it. There is so much to consider around a Family Constitution — what to include, how to frame things, how to negotiate with everyone who needs to be involved. As anxious as I am to get something on paper, I am not sure where to start."

"I understand completely," Dave agreed. "That's why I offered to work through the development with you and to use some sample documents that others have put together to give us some ideas. I also know from experience that it is easy to be intimidated by the potential scope of what should be considered; however, because I have been through this before with other clients, I am less concerned about what to do than you are."

"I have also learned that it is important to keep in mind that this is a process, not an event. You can't possibly expect to get it all done in one shot. It will take multiple conversations among you and the other family members; different views to consider and perhaps some disagreements to be settled along the way."

"You are the "resident big thinker", patriarch of the family and the head of your family's business. Your role is to inspire and lead the others to the best combination of what is good for the family and what is good for the business. Think about how well your family dinner meeting worked out in creating a Family Mission Statement. You are good at this!"

Dave continued. "I think Yogi Berra said it best when he said if you don't know where your going, you might not get there. Family Meetings can help you and the family figure out where you're going."

“Thanks for the vote of confidence but sitting around the dining room table after a great meal and a family celebration is quite different than the formal job of putting together a Family Constitution.”

“It doesn’t have to be,” Dave offered.

“What do you mean?”

“I mean, why can’t you draft your Family Constitution through a series of family meetings, rather than a strict, structured procedure?”

“Is that how others have done it?” Jim asked.

“Definitely!” Dave responded. “In fact, Family Meetings are at the core of governance in many family enterprises. They provide a forum for all kinds of discussions and inter-actions among family members — everything from sharing information on the company’s progress; to creating policies; to educating younger family members; to planning eventual leadership succession. There really is no limit to what can be discussed. The important thing is to provide a safe environment where everyone can express themselves and contribute to the family dialogue.”

“And I would add that Family Meetings shouldn’t always be solemn and serious. It’s OK to have fun too. In fact, many families organize their meetings around an event or celebration — just as you did at the time of your son’s birthday. I know families who schedule them around holidays such as Christmas, Hanukah or Thanksgiving when most of the family will be gathered. Or, how about this — one family I work with plans a ski vacation each winter to bring everyone together; for another, it’s a different beach destination each year. Family and fun mixed with frank conversation seems to work.”

“So, Family Meetings are typically once a year?”

“Again, whatever works for you. Once a year is common and I wouldn’t recommend anything less frequent than that. Family meetings are typically for periodic review of high-level strategy, not operational scrutiny. However, if there are important decisions to be made, a Family Meeting can be called at any time.”

“And I guess it is my role to organize and lead these meetings?” Jim suggested.

“It could be, but doesn’t have to be.” Dave responded. “Some family members can get very excited and motivated by planning and arranging these meetings – the timing, location, fun activities and so on. Handing off responsibility for the practical aspects of a meeting is often a great way to engage family members who don’t work in the business, for example, spouses of family employees.

“As far as setting the agenda, as the leader, I assume you would want to have a hand in that; however, if the objective is to be inclusive, you’ll also want a process for others to contribute topics and perhaps even to vote on what gets put on the agenda. To the extent possible, you’ll probably want to avoid giving too much airtime to someone’s pet peeve that isn’t relevant to anyone else.

“That said, the objective of a Family Meeting is to communicate and foster trust and understanding — the values you described in your Family Mission Statement, so balance is required. That’s one of the reasons some families use an independent facilitator to lead the discussions — to be objective and unemotional, to keep conversations on track, to maintain a productive dialogue and, potentially, to find common ground when opinions vary.

“I have led several Family Meetings for clients in the past and have always been satisfied with the outcome.”

“I can see the value of an unbiased moderator. Ever have any problems you couldn’t handle – personal conflict between family members, for example?” Jim asked, obviously with someone in mind.

“Not really. I always saw my role as making the conversation among family members meaningful and productive, not refereeing or settling family disputes. Of course, there have been occasions when some pre-existing tensions became obvious, but I have always found support from the other family members. The very fact that the Family Meeting provided a forum for discussion seemed to help ease the friction.

“Oh, and another way some families handle leadership at the meeting is to ‘rotate the chair’, so to speak, by having different family members lead the discussion at each successive meeting. Nothing teaches you how to contribute to a fruitful meeting like having to lead one.”

“And am I correct in assuming all family members attend, not just those who work in the business?” Jim asked.

“Yes, by definition, it is a family meeting, so everyone in the family should be encouraged to attend – even younger members. This does not mean that all aspects of the family meeting should be attended by all family members. Family members should feel free to opt out of sections of the meeting that they don’t feel then need to be there for. For instance, it probably makes sense that non-family minority owners and children under a certain age skip certain parts of the meeting that may not apply to them. On the other hand, having members attend the family business review may help them better understand and appreciate what the family business does and what it doesn’t do for them. And certainly, if any of them are destined for future leadership roles in the company, family meetings can be a great way for them to learn some of what they will need to know down the road.

“Another very important group to include are the spouses of family members working in the business.” First, they often have good ideas to contribute and, second, the conversations will help them better understand how decisions that affect their spouse are made. Privately held concerns or criticisms can often be mitigated with just a little better insight and context.

“In keeping with your Family Mission Statement, everyone’s opinion is important to them, and of course, debate and straight talk are invaluable in family meetings. However, the best results seem to occur when conversations are kept a high level, that is, strategic, rather than operational minutia.”

By now, Jim and Dave had turned the corner halfway on their route that would take them along the lakefront and back to their starting point. Jim went silent for a while and Dave knew not to interrupt his thoughts.

“So, part of our Family Constitution could be a requirement that we hold Family Meetings on some regular basis; and on an as needed basis.” Jim finally said, half as a question and half as a statement of fact.

“Of course,” Dave confirmed.

“And we should outline in our Family Constitution what we expect our Family Meetings to accomplish and how they are to be run.”

“Yes, again,” Dave said, “because in many ways, your Family Meetings help to confirm your Family Mission Statement and operationalize your Family Constitution.

“Can you give me an idea of how that is done?” Jim asked.

“Sure. For example, I recently saw a Family Meeting Agenda that was divided into four large categories: Family Business, Family Relations, Family Development and Family Fun. In the first category, Family Business, they addressed things that applied directly to the management of their company by further segmenting them into four more sections: Progress & Profitability, Products & Services, People & Performance, Plans & Projections. I guess they like alliteration!

“In the Family Relations section, as I recall, they included celebrations, life changes and such, as well as a very interesting one that stood out for me – that being ‘will planning’. I was intrigued by that, so I asked the family head what it meant. She told me that every year at their Family Meeting, each family member stood up and presented the high level terms of their personal wills — basically, who was going to get what in the event of their death, which charities were going to receive bequests, etc. The purpose was to avoid any surprises over inheritances when someone died.

She said she had read about the idea in a book a few years earlier and brought it up at a Family Meeting. While there was some initial reluctance, which she suspected was because several family members didn’t have up-to-date wills, they agreed, as a family, to make it part of every annual Family Meeting going forward. Even young children participated. She got emotional describing how her grandson announced that if something happened to him, he wanted his baby brother to have all his Lego.

“She went on to say that it was one of the best things they could have done. It not only prevented potential family squabbles; it also brought the family closer together as everyone gained an understanding of why people had made certain decisions regarding the distribution of their estate. There was no more fighting over the family china or ‘Why did Johnny get that?’ questions.

“I love the concept,” Jim reacted, “but I’m not sure I could get everyone to buy in to sharing.”

“I think I can help you there,” Dave offered. “It turns out the book she referred to was written by a friend of mine, Tom Deans. The title is [Willing Wisdom – 7 Questions Successful Families Ask¹](#) and it will give you lots of ideas on how to create open and candid conversations among your family regarding their wills. “When I get back to the office, I am going to send you a copy. Tom speaks on the subject all over the world and his book has been read by tens of thousands of people. I know you will enjoy it.”

“Thanks,” Jim said before falling into a brief moment of silence. “I’m going to talk to my wife about this. We have had several conversations around how we can help our kids understand and appreciate what the family and the family business mean to them. Even though they work in the company, I am not sure they fully grasp the great opportunity they have to be part of a legacy. It would be good for them to hear how others feel.”

“And to participate,” Dave suggested.

“Yes, it would.”

“And just to finish describing the four categories I saw in that Family Meeting Agenda, the third one was Family Development which would fit in perfectly with your Family Missions Statement where it talks about ongoing personal learning.

“It would also be a good place to start some dialogue about preparing the next generation of leadership in your firm. Who should be considered; what qualifications are needed; how do they gain the required experience — things like that.

¹[Tom Deans, Willing Wisdom Index – 7 Questions Successful Families Ask.](#)

“Finally, the last section on Family Fun was dedicated to exactly that. What can we do to have fun as a family? Where and when will our next Family Meeting be held? What activities do we have planned? Who is going to organize everything?”

“Wow, sounds like that family really has their act together!” Jim exclaimed.

“Yes, they do,” Dave responded, “but they didn’t do it overnight or even necessarily get it right the first time. Their Family Meetings have evolved over several years as the family and their business evolved. It seems to me that you are in about the same place they were before they made it a priority to add some structure to the family dialogue.”

“Again, I have some sample agendas, etc. for Family Meetings that I will share with you, but you had such a good start on improving family communications with your recent, informal, family meeting, why not continue with that format? Creating your Family Constitution is a significant project and it needs input from others in the family. How about scheduling another family get-together where you introduce both ideas — the Family Constitution and the Family Meeting as a forum for discussing what should go into it? You don’t have to go crazy on the Family Meeting part in terms of structure, activities and so on, right away. Let that emerge through the process over time.”

“Does that make sense to you?”

The timing was perfect to end the conversation as both Dave and Jim were a bit surprised to find themselves back at the club from which they started their run. Their conversation had obviously made the time pass quickly. Although being able to run and chat at the same time was a measure of good conditioning and pace, Dave wasn’t sure if he was more out of breath than Jim due to his physical condition or because he had done most of the talking.

“Thanks, Dave,” Jim said. “These lunchtime runs have always energized me physically; and now you have done the same thing for me emotionally with respect to my family’s business. Healthy body, healthy mind – I like it!”

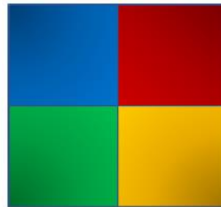
FOUR CORNERSTONES OF FAMILY MEETINGS

FAMILY DEVELOPMENT

- Assessment
- Learning
- Planning
- Skill training
- Policy Creation
- Philanthropy

FAMILY COHESION

- Vision, Mission, Values
- History and traditions
- Hopes Dreams,
Aspirations
- Support, Care, Love
 - Fair Process



FAMILY ENTERPRISE

- Entrepreneurial focus
- Information sharing
- Tours, internships
- Meet with directors
 - Innovation
 - Connection to
Ownership and Business

FAMILY FUN

- Games
- Activities
- Tournaments
- Talent shows
 - Humour
 - Celebration

Source: Wendy Sage-Hayward 2014



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SAMPLE

THE CONTINUITY FAMILY MEETING AGENDA

- What are the central values of our family?
- How can family values strengthen the business' strategy?
- How can family values be taught, preserved and institutionalized for future generations in the business and the family?
- What should be the family's role in society, including philanthropy, civic activities and politics?
- What is our responsibility as business owners?
- How do we teach responsibilities of ownership to the next generation?
- Should our contribution to society be focused? Visible? How should we determine and organize it?
- How do we cope with our visibility in the public domain? What publicity is best for us?
- How do we attract family members to work in the business without threatening their right to self-determination? How do we assess members' interest in working in the business?
- How do we provide fair and acceptable outlets for family members who want freedom, without losing them from the family?
- How do we share the benefits of family traditions with those who are not shareholders?
- How do we balance expectations of family members, employees, shareholders, customers and the community?
- How do we preserve rich traditions while assuring flexibility and change?
- How do we decide whether to perpetuate family business ownership?
- How do we retire family shareholders from time to time through the generations to help assure continuity?
- How do we deal with the inevitability of individual family members' unequal circumstances? How do we help needy family members?
- How do we preserve the rights and privileges of ownership for future generations without allowing the ownership to become a burden?
- How do we identify and support family members' goals and hopes?
- What skills (such as communication, conflict resolution, public speaking, media relations and so on) do we need to develop to strengthen our family?
- How do we organize and plan our family's future?
- How do we keep alive the vision of family-business continuity?



SAMPLE

EXAMPLES OF AGENDA TOPICS FOR FAMILY BUSINESS MEETINGS

Sample Shareholder Meeting Topics

- Elect directors
- Approve major transactions
- Change the corporate charter
- Approve selection of auditors
- Communicate financial results
- Interact with management

Sample Board Meeting Topics

- Update on director search
- Review board mission statement and update if necessary
- Manage report on financial results
- Update on strategic planning
- Discuss proposed geographic expansion
- Review top-management performance appraisals
- Hear report from successor candidates
- Review minutes from latest family meeting

Sample Family Meeting Topics

- Family history update
- Family retreat plans
- Family development session
- Discussion of family values statement
- Presentation of family member pay and incentive plans
- Recognition of family member achievements
- Update on succession planning
- Report by philanthropy committee
- Family dinner

Source: Adapted from C.E. Aronoff & J. L. Ward, 2002. Family meetings: how to build a stronger family and a stronger business. Family Business Leadership Series.

SAMPLE FAMILY MEETING AGENDA

Schedule

Breakfast-- 7:30 AM

Meeting-- 8:00 AM

Break-- 10:00 AM

Meeting-- 10:15 AM

Family Lunch-- 12:00 PM

Scheduled Family Fun Activities-- 1:30 PM onwards

Agenda

8:00--8:10

Call to order

Review draft confidentiality policy (chair)

8:10--8:45

Family history roundtable

(full family discussion led by outside facilitator or advisor)

8:45--9:30

Develop family mission statement

(full family discussion led by outside facilitator or advisor)

9:30--10:00

Introduction to estate documentation

(presentation by advisor or lawyer)

- Wills

- Executors

- Financial power of attorney

- Living wills

10:00

Break (15 minutes)

10:15--11:15

Governance

11:15--11:45

Commitments to update estate plan documentation

11:45--12:00

Suggestions for agenda items for next meeting

Ex. Strategic Philanthropy

12:00

Meeting Adjourned -- Lunch |

1:30 on

Scheduled Family Fun Activities

Chair:

Attendees:

Minute Taker:

Source: Tom Deans Willing Wisdom Index Family Meeting Resource Guide