

FAMILY CONSTITUTION



Questions to Consider:

- › How can the values that initially allowed the family to succeed be transferred to future generations?
- › How can the family constitution be written in a way that allows greater harmony within the family?

Guidance

Just as countries benefit from having a written constitution, wealthy families can as well.

Legacy families that have a complicated family enterprise look to having a greater definition to how they structure their family constitution. Many families have to understand the intricate relationships within and without the family to understand how things work in a formal way within the family.

Many organizations will have a **supreme governing document encompassing purpose, vision, values, and results** that is used to create an operating guide. A family constitution can work very much like this, being a document of all the information a family needs to operate smoothly. It is based on purpose, vision, and values, and provides structure, rules, descriptions of rights, forum meetings, and checks and balances.

Items to be considered in a family constitution:

- › How will family membership be determined?
- › What will the process for membership be?
- › How will voting rights work?
- › How will economic rights work?
- › Which bodies / individuals will be responsible for each area of activity?
- › How will balanced representation be ensured?
- › What is the process of amendment?
- › What are the checks and balances of power?
 - › Limits Imposed
 - › Rotate positions and prevent one group from holding too much power
 - › Independent family advisory board that can prevent issues from going to court and leaving lasting damage
- › What is the process of dispute resolution?
- › Is there a "Bill of Rights" and balancing "Bill of Responsibilities" for each family member?
- › Opportunity/obligation for individuals to "Opt in" or "Opt out"?

One gap many constitutions have is a "Statement of Responsibilities", which states what each member's responsibilities are. It can balance the "Bill of Rights" in a way that allows family members to apply those rights to the goals of the family and educate themselves, act with discretion, work hard, and be respectful. The Bill can confirm the values and expectations of each family member and be precise about what they should expect and what should be expected of them.

While Family Constitutions are valuable, they are only as valuable as their implementation. Unless it is followed daily by all family members, it will become meaningless over time. If it is implemented correctly, the enormous benefits inherent with a Constitution will allow your family to excel and become more unified moving forward.