



BEING A GOOD DIRECTOR OF FAMILY ENTERPRISES AND FAMILY GOVERNANCE STRUCTURES

Key Takeaways

- › The chairperson must ensure that the board acts to the company's benefit as a whole
- › Think about the different roles family members can play. These include being an owner, director, or being a part of management
- › There are many ways to be prepared for a board meeting, including: Agenda setting, drafting protocol and outcomes, determining your aims and achievements, and being a team player

Questions to Consider:

- › What training is in place for family members?
- › What are the processes and integration plans for future family board members?
- › What are the risks and shortcomings of taking family members on as directors and chairs?

INTRODUCTION

As a potential director of a family business, one must be well prepared to undertake the role. It is not sufficient to just inherit the role, a good director will learn how to grow into his or her role, and eventually make decisions and take actions that will be beneficial to the company as a whole.

Learning about the business and having a good foundation of legal and accounting skill are crucial to the administration of the business. Equally or if not more important, are the soft skills that a good director must cultivate in order to create a sustainable and successful business for the long term.

Guidance

It is important to understand the different roles family members can play. A family member can be an owner, governor (representing the family in different circumstances), or a manager (being a part of the structure that operates these activities) within the family structure. Family councils, committees, and meetings are some of the structures that can be used to maintain stability and unity and are key parts of family governance.

When considering family direction, it is vital to consider the skills you would need to employ. You need a high degree of business knowledge, the activities of the business, and legal know-how. It is important to be able to balance family and public responsibilities. Understanding the "soft" issues also requires a high degree of diligence, but also a great degree of patience. When working with people, empathy and listening skills are crucial to managing relationships with team members.

When preparing for a board meeting, setting a well-researched agenda is an important first step. Drafting a protocol and outcomes can also add a level of clarity for all involved. Most importantly, it is crucial to determine at least three aims and achievements for the board meeting and then to be able to actualise said aims. Finally, when acting as a chair it is difficult but important to be a team player. A sense of how people operate, and how to interact with individuals best is an art, and can greatly benefit a team leader.