PETER LEACH & PARTNERS

Family Governance in Multi-Generational Family Businesses

in partnership with

Institute for Family Business

Peter Leach & Partners
The Family Business Management Series
Principles for owner-directors

Family Governance in Multi-Generational Family Businesses

The Family Business Management Series

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Foreword

The Family Business Management Series provides a valuable tool for family business owners, directors and other stakeholders who are seeking information regarding key issues they face daily.

The family business sector in the United Kingdom is estimated to account for approximately three-quarters of all companies and around half of private economic activity and employment. Family firms are a key part of the backbone of the private economy helping drive national socio-economic and entrepreneurial development. However, estimates suggest that the majority of inter-generational business transfers fail, particularly in earlier-stage family companies. Problems in the succession process often result in the company either being sold or not surviving.

Notwithstanding the serious challenges that family firms face, there are numerous examples of companies that have found the keys to longevity and prospered over the generations, creating wealth and sustaining employment in their communities. **The Family Business Management Series** brings to families a source of information that will enable them to take better decisions, keeping the family and its business aligned. These guides will help by contributing knowledge that can lead to the application of best practice in many family firms.

These guides also reflect the mission of the Institute for Family Business to help support the on-going development of a dynamic family-owned business sector making a powerful contribution to the UK economy.

Grant Gordon
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Preface

Family businesses have many things going for them - they tend to be flexible, reliable, proud, they can think long-term, have a strong culture and their people are committed. But they can also carry a daunting set of disadvantages - they can be rigid, inward-looking, unresponsive to change and sometimes swamped by emotional issues. It's a fascinating and complex mixture of advantages and disadvantages, costs and benefits, strengths and weaknesses.

Peter Leach & Partners serves the needs of family business people, helping them to find a path through this complexity and to balance the ambitions and needs of their business with those of their family. All family firms are different - and there are no easy answers - which is why this **Family Business Management Series** of jargon-free guides concentrates on principles, processes and procedures designed to help families recognise and address the most important issues and conflicts that tend to arise.

This fifth guide in the series - **Family Governance in Multi-Generational Family Businesses** - focuses on how older, cousin-owned enterprises can benefit from introducing a clearly defined structure that meets the particular needs of the family and its business.

The larger a business-owning family becomes, the more complex and diverse it becomes; and developing the skills required to forge a common agenda and resolve differences among family shareholders involves great challenges. Creating effective and transparent governance enables discussion and resolution of the complicated and often emotional family, ownership and business issues that confront mature family companies.

Family members, therefore, need to devise strategies that help them to approach the business in a unified way, and they need to learn to communicate and share their thinking about the critical issues the family must face up to.

The Family Business Management Series is an important initiative. It has been designed as a source of practical advice and guidance -pulling together some of the key research findings on family business management and the lessons of our experience from over 25 years of helping family businesses. We hope it will contribute to the efforts of these firms to achieve continuity, growth and prosperity in the years ahead.

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Introduction

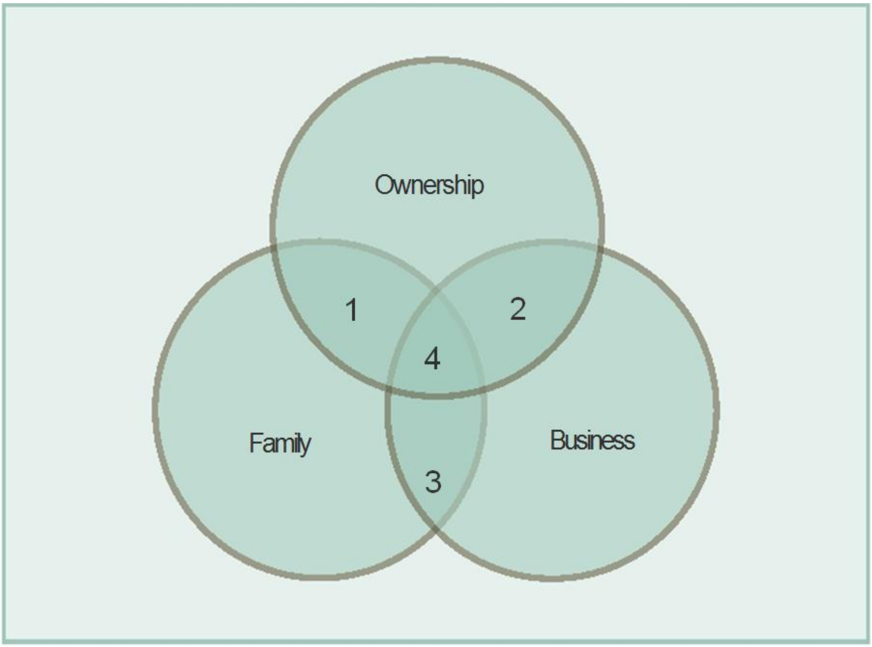
Family businesses that reach the third generation (which only around 13 per cent manage to achieve successfully) generally share some unique qualities. They tend to think longer term, favour profit reinvestment rather than dividend payouts, and they often engender a special atmosphere – a sense of belonging, common purpose, pride and commitment – that has been passed down and inculcated from one generation to the next.

But mature family businesses are also prone to serious disadvantages. They are much more complex entities than their non-family counterparts because of the central role played by the families that own and often lead them. Because many of the problems they encounter hinge on the inherent conflicts that can arise between emotion-based family values and task-based business values, looking at family businesses in the context of competing value systems provides an excellent starting point to gaining an understanding of their complicated dynamics.

In an earlier guide, called **'Getting the Family to Work Together'** (see the 'References and further reading section'), we explained in some detail how, in non-family businesses these two almost incompatible systems operate independently, but in a family business they not only overlap, they are actually interdependent.

As well as family factors and business factors, a further distinction – that between owners and managers – throws some useful light on dynamics, leading to the well-known 'three-circle model' in which the independent but overlapping systems comprise (a) the family, (b) ownership and (c) the business (see Figure 1). Their differing purposes and priorities produce some special tensions that exist in family firms, creating at the point of overlap operational friction and value conflicts for the large number of family members involved, either in an ownership or management capacity.

Figure 1: The 'three-circle' model of family business



Source: Adapted from Tagiuri and Davis (1982).

Everyone involved in a family business falls within one (and only one) of the seven sectors created by the three circles. For the purposes of our discussion, however, rather than individuals with just one (relatively uncomplicated) connection with the business – either family members, owners or business employees – we have highlighted in the diagram individuals with more than one connection, who fall within one of the overlapping sectors numbered 1 to 4:

1. This sector is within both the family and ownership circles and therefore comprises family members who own shares in the business but who are not employees.
2. Owners who work in the business but who are not family members.
3. Family members who work in the business but who do not own shares.
4. Inhabiting all three circles are owners who are also family members and employees of the business.

Questions that lead to conflict

This model helps identify and clarify the different perspectives and motivations of family business people, as well as the potential sources for interpersonal conflict and role confusion. For example, when taking a view on the appropriate level of dividend payments, non-owning family members who work in the business (sector 3 in Figure 1) often take a very different view to their relatives who own shares in the business but who are not employed by it (sector 1). The former may favour cutting dividends in order to boost reinvestment in the business (and, by the by, improve their career prospects); the latter may well want dividends increased to provide a better return on their investment.

The more family members involved, the more complicated it can become, with many different aspirations and opinions trying to influence the way the family and the business conduct themselves. Other potential sources of tension and conflict are reflected in questions like:

- Who should lead the business?
- Who should work in the business? Is it an opportunity or a birthright?
- Who should own shares in the business?
- Can we buy some of the more distant shareholders out?
- How are the roles of family members to be defined and evaluated?
- How are family members to be remunerated? How can we make them accountable to
- the shareholders?
- What's going on in the business?
- Do all the branches of the family have access to the same opportunities and information?

Because business life and family life represent distinct cultural domains with different behaviour patterns, these questions are often the cause of emotionally troublesome predicaments for those who have to resolve them. The more people involved, the more complex they become and the more of a need there is to do something about it.

What distinguishes successful, multi-generational, complex families is that they learn to align their vision and to communicate and share their thinking about the critical issues the family must face up to. They devise strategies and set-up governance structures that help them to:

- minimise the friction the overlaps can cause
- maximise clarity and transparency
- improve communication
- minimise the scope for misunderstandings.

In short, they formulate and adopt policies that strike an appropriate balance between the best interests of the business on the one hand and the well-being of the family on the other.

The starting point is learning to recognise and manage the complexity implied by the three- circle model. But an important point to make early on is that the model, although very helpful, is static – it's a snapshot in time. Family businesses, on the other hand, are constantly changing and evolving across all three dimensions of the model. Here we will concentrate on one key area that impacts particularly severely on multi-generational family enterprises – the way that ownership dynamics tend to develop over time. Initially we explain the issues, but successful approaches to managing them are the main topic later in the guide.

The starting point is learning to recognize and manage the complexity implied by the three circle model.

Chapter 1
Evolution of family business ownership

Understanding the ownership structure in a family business is often fundamental to understanding the forces at work within it and how they have developed over time.

US family business professor, John Ward, first drew attention to the fact that, in broad terms, ownership of family businesses tends to progress through a sequence, reflecting ageing and expansion of the owning family: owner-managed business; sibling partnership; and cousin consortium.

Owner-managed business

This is how most family businesses start life, and they receive a lot of attention from analysts and commentators. But at the owner-managed stage, where an individual typically has voting control and makes all the key decisions, governance is not really an issue. The board of directors, for example, is usually something of an illusory entity; if it exists at all, it often comprises mainly family members 'rubber stamping' the owner's decisions rather than carrying out any serious advisory role.

Sibling partnership

The evolution in second generation family firms is from a single, all-powerful owner to a partnership of brothers and sisters in which power and authority must now be shared. There may be additional owners – sometimes from the parent's generation, sometimes among the siblings' children – but ultimate ownership authority and influence will rest with the siblings. Developing processes for sharing power and control among siblings and avoiding sibling rivalry are important challenges for family firms at this stage of development.

Because of their different perspective in relation to the business and the consequent potential for friction, a workable relationship based on good communication and clear and effective governance structures needs to be established between non-employed owners (individuals in sector 1 in Figure 1) and their sibling owners who are employed in the business.

Cousin consortium

By the time the third generation is in place, there's a well-established business and there may be several dozen or more family members who have some sort of stake in it. This is where it gets really complex and where so many families meet their downfall.

Ownership is generally in the hands of many cousins from different sibling branches of the family, often with no single branch having a controlling shareholding. Some of these owners will work in the business, many will not. It's easy to imagine the potential for friction and dysfunctional behaviour if the large-scale complexity arising with these family groups is not controlled and managed, and there are many real-life cases (like C. & J. Clark, profiled here) that bear out the point.

C. & J. Clark: Complexity out of control

Trench warfare famously broke out in the early 1990s between family shareholders and management at privately owned Clark's Shoes, one of the UK's oldest, independent family- owned businesses. Now back on an even keel, thanks largely to the successful operation of its family council, the company's improved fortunes are discussed later in this guide. Here, however, we highlight how it was that, from mid-1992 onwards, years of private family feuding came to a head, fuelled by a breakdown in communication on a scale such that family shareholders' perceptions and aspirations bore little or no resemblance to those of management.

The business had prospered during the 1950s and 1960s when 'Clark's shoes' entered the language as bywords for well-fitting, comfortable footwear. Although a public flotation was considered at various points in its history, the company remained resolutely private and family owned, under the control of an ever-increasing number of the descendants of Cyrus and James Clark, who founded the business in the 1820s. By 1992, with the fifth generation on the board, around 1,000 family members controlled 70 per cent of the equity, with a further 10 per cent in family trusts.

In the late-1980s Clark's business, like the UK shoe industry as a whole, found itself under mounting pressure from the dramatic increase in cheaper imports. Pre-tax profits tumbled, which resulted in drastic dividend cuts, angering many shareholders who, with no day-to-day involvement in management, had come to rely on the family company for a steady income. As well as dividend income, another festering issue centred on demands that shareholders be able to cash in their shares. A procedure was set-up whereby shares could be traded once every six months, but this proved ineffective. With the feud developing into a much more general debate about how family owners could extract the full value of their shares, not surprisingly potential bidders for the company began to emerge.

In the end, after a long period of acrimonious debate conducted via press statements, proposals to sell the company were rejected by shareholders in May 1993, but only by a narrow margin (52.5 to 47.5 per cent). The bitter arguments had come within a whisker of ending the independent existence of this long-established business, and the lessons from this period of Clark's history are clear. Business managers can find themselves in serious peril in the face of angry family owners suffering an income cut with no prior warning or communication, and having no proper share-sale escape route: surprisingly rapidly, pride in the family inheritance, a stable family business culture, and so on can turn sour, and the pressures on everyone to end the feuding and sell up may prove very hard to resist.

Unlike siblings brought up in the same family, cousins (especially the more remote cousins who proliferate once a business has reached the fourth generation and beyond) often have very little in common, and some may never have met. The powerful family connection that worked for the business in the first two ownership stages may now be significantly weakened. Even more than with sibling partnerships, therefore, there's a fundamental need for cousins to develop a shared vision about the future of the business that provides vitality plus a sense of purpose and direction.

Many family companies find it useful to introduce special governance systems and mechanisms in order to manage the diversity of interests and demands, and to let everyone have their say in a controlled environment. In building a common and workable vision together, it is often useful at this point to allow those family members who do not subscribe to that vision to exit as shareholders. There are no 'one size fits all' solutions here, and the importance of tailoring governance architecture to meet the unique needs and circumstances of particular families is the central theme in this guide.

By the third generation, ownership is generally in the hands of many cousins from different sibling branches of the family.

Chapter 2
Complexity in cousin companies

The cousin consortium is the most complex of the family business ownership structures. By this stage – i.e. the third generation and beyond – ownership will have been significantly diluted, and generally will be in the hands of many minority family shareholders, each of whom will have a different view about their investment, depending on whether or not they work in the business and the extent to which they feel connected with and committed to it.

In order to help visualise the large-scale family governance challenges that face these multi- generational, cousin-owned companies, some fundamental assumptions about the nature of family need to change. US family business authority, Ivan Lansberg, illustrates the point well: instead of looking at a family business pyramid structure with seniors at the top, siblings below and descendants forming the base of the pyramid, he suggests that the focus needs to change to a circular structure where a network of sub-families, each with its own little pyramid hierarchy, revolves around, and interacts with, the family enterprise at the centre of the circle (see Figure 2). Each sub-family connects with the family enterprise at the centre in different ways (with the varying extents of that connection illustrated in Figure 1 by the hatched areas within sub-family pyramids). For example:

- some may be employed by it, some not
- they may have different values
- they will have different levels of psychological commitment to the business
- some will live round the corner from the business, others on a different continent
- some may want to be involved at least to a limited extent in the enterprise, others will just want to collect their dividends.

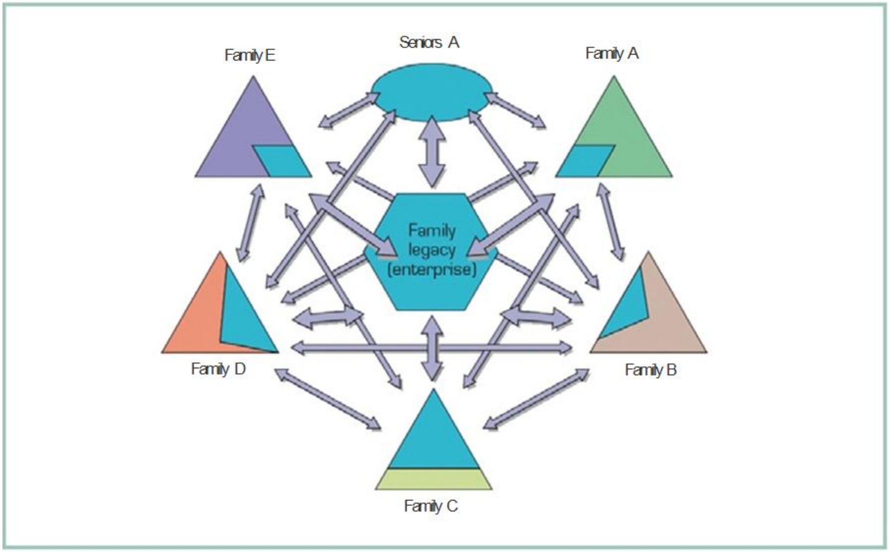
The complexity of businesses that have reached the cousin consortium stage is reflected in the two family business dimensions that we are concentrating on in this guide – the increasing complexity of the family as it grows naturally through marriages and childbirth, and the complexity of ownership as shares pass down the generations in different proportions and at different times, creating a variety of shareholder situations.

Family complexity

Key aspects include:

- Sheer numbers. By the third generation it is quite possible for there to be 15+ grandchildren of the founder, and, in total, there can be 30+ members of the family with some sort of stake in the business. With cousin companies in the fourth generation and beyond, it's not unheard of for there to be hundreds of cousins participating in ownership.

Figure 2: The complex family network



Source: Ivan Lansberg (Lansberg, Gersick & Associates, LLC). Presentation at the Institute for Family Business Master Class 6, 29 September 2005. Reproduced with permission. Ivan Lansberg also acknowledges the role of his partner, Kelin E. Gersick, in developing the concept of the network of families, details of which he first published in two articles in Families in Business (Campden Publishing) in February 2002 and April 2002.

- **Branch dominance.** By the third generation, management control of the business has often been assumed by one particular branch of the now multi-branch founding family. It may be reassuring to some relatives that the wealth and commercial prestige of the family is being taken forward by this branch, but any skill shortages of the branch and how its members exercise their authority can generate tensions and resentment (for example if they show branch favouritism in recruitment or remuneration).

- **Emotional calming.** In some families, emotion-based rivalries (like father-son and sibling rivalries) that may have featured in earlier generations of the business have often been toned down by the cousin consortium stage, but they may well have been replaced by a preoccupation with satisfying personal and branch objectives.

- **Historical baggage.** In other families, however, the passing of time has no such soothing effect on the cousin generation, and old grievances can loom large, magnified by the weight of history and constant re-telling. Indeed, members of the senior generation sometimes go to extraordinary lengths to keep alive old grudges and complaints that serve little purpose other than to perpetuate family divisions and undermine trust and confidence in succeeding generations.

Historical baggage: A case note

Ownership of one fourth generation business, run by non-family professional managers, was in the hands of five family branches, four which each owned 17.5 per cent of the share capital, and one branch that owned 30 per cent. Family business consultants were appointed to help construct a family governance system, but it became clear early on in this process that four of the family branches were uncomfortable about meeting in the same room with a representative from the 30 per cent branch. In individual interviews, the consultants discovered that the origin of the problem lay in events that took place on a Saturday afternoon in 1946.

At 1.00pm that day, the founder of the business, on his deathbed, secretly asked his eldest son to promise to pay for the education of the founder's illegitimate daughter, and, in return for this promise, the founder changed his will so that, rather than each of his five legitimate children receiving a 20 per cent share in the family business, the eldest son was left 30 per cent and each of the other four children 17.5 per cent. In 1955 it emerged that the eldest son had reneged on his promise, and had made no payments towards the illegitimate daughter's schooling, but the unequal share distribution remained in place. With all the

Ownership complexity

This manifests itself in a variety of ways:

- **Ownership 'migration'**. As family businesses evolve and their owning families become more complex, a migration takes place towards ownership by family members who are increasingly remote from the operations of the business. In the early days the business is typically operated by its owners, but as time passes and the business grows the connection weakens until, by the cousin consortium stage, many family owners are 'pure' investors in the remote sense that applies to purchasing a holding in, say, an FTSE-100 company.

- **Ownership forms**. As well as the sheer numbers of individual family shareholders, ownership will usually have become further confused as a result of the use of trusts, holding companies and so forth, introduced over the years to meet estate planning and other objectives.

- **Branch "imbalance".** Shareholdings have been passed down within branches of the family, and by the cousin consortium stage issues arise because some branches may have one child, while others may have six or eight, producing obvious imbalances (real and imagined) when it comes to individual ownership interests in the business.

- **Ownership politics.** As mentioned earlier, by the third generation management control of the business has often been assumed by one family branch, and this fact, while generally accepted and frequently welcomed, is unlikely to have been greeted with universal family acclaim. Often another branch (generally not itself involved in management, and possibly motivated by some historical grievance – real or imagined) will take on the role of critic and challenger of ruling branch policies, campaigning and seeking support for its opposition from elsewhere in the family.

- **Divergent interests.** In cousin consortium companies, the needs, expectations and ambitions of owners running the business can be very different from those who are not employed by the firm. The latter, for example, relying on dividend income to maintain lifestyle expectations formed in earlier, smaller generations, may oppose any reduction in dividends, even if that money is to be reinvested for future growth of the business. In contrast, the spouses of share-owning relatives working in the business may feel that their partners are being under-rewarded and their careers undermined by the regular payout of dividends to shareholders not involved in day-to-day operations.

- **Information flows.** Most shareholders in cousin companies are not employed in the family business, and, over time, they come to feel they are receiving less and less direct information about it. Whereas once they used to have regular reports from involved parents, spouses or children that served to keep them in touch with events and able to feel protective of the interests of their branch of the family, they are now subject to the company's shareholder communication policies, if there are any, and otherwise ad hoc information from those who are involved. Often there are issues concerning the consistency and reliability of information, with different branches "hearing" different things. The company's task in distributing information is made more difficult by the attitudes of different family branches to the one that runs the business, the likely geographical dispersion of family shareholders, and the different skills, knowledge, income levels and so forth of family shareholders.

- **Retaining control.** Quite often, by the cousin consortium stage the business may have been professionalised and be led by non-family senior executives, generating issues about how family control can be retained, and how non-family senior personnel are to be motivated if share ownership is not a realistic prospect.

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about it.

Chapter 3
Responding to growing complexity

The challenge at the cousin company stage becomes, therefore, how to cope with an expanding network of sub-families with different degrees of involvement in, and commitment to the family business – a situation that generates the large-scale imbalances and complexities discussed in the previous section. There are really only two choices available: (a) reducing complexity by buying-out cousins and consolidating ownership of the business in far fewer hands (sometimes too expensive with these mature businesses, and often only achievable by selling the company); or (b) to retain the complexity, in which case it has to be carefully managed to prevent it running out of control.

Managing complexity requires introducing 'structure' in the form of rules, policies and procedures that help the family develop a cohesive approach to its involvement in the business. In short, what's needed is effective governance, which means creating organised accountability and alignment among the different interests of the owners, the family and the business.

Contrasting cultures: Promoting family harmony

Because of the high value Indian people generally place on family unity, many family businesses in India have a 'guru' who works to foster harmony by working with the family to help resolve their disagreements and conflicts. The guru – chosen for his wisdom and shrewdness – will often attend family council meetings and, if he foresees potential problems that may lead to family divisions, he will follow-up the situation outside the meeting to ensure that friction and arguments are minimised or avoided. Families take the views of their gurus (who are not formally connected with the business) extremely seriously, and vest them with significant respect, prestige and authority.

Later in this guide we address some of the mechanical issues involved in setting up an effective system of family governance – such as establishing forums like family assemblies and family councils, and adopting a written family constitution that records the family's agreed stance towards the business and other issues. First, however, here's a summary of some of the main areas likely to require attention, taking each of the Figure 1 circles – ownership, business and family – in turn.

Ownership

- **Vision**. What is the family's vision for the future? Do the shareholders regard themselves as owners of an asset that they seek to maximise and realise, or as stewards and custodians of the shares for future generations?
- **Values**. On what basis is the business to run? What is important to the family? What binds them and keeps them in business together? (Such values are often inherited subconsciously from previous generations.)

- **Aligning and implementing the vision**. If, for example, the shareholders see themselves as stewards and custodians, is everyone aware of this and is the company geared up to provide income and pension rights in place of capital asset status for the shares?
- **Rights and responsibilities of ownership**. Policies are needed on who can own shares (bloodline, in-laws, non-family, etc.), share valuation and transfer, the expected return on investment, and protecting the interests of minority family shareholders.
- **Branch ownership.** What, if any rules should apply to inter-branch decision making, and how should differences (and possible deadlock) be dealt with? Should there be branch representation on the board?
- **Exiting**. If the shares are viewed as a realisable capital investment, is everyone aware of this and are exit procedures in place for owners who want to cash in?
- **The future.** What will happen regarding share ownership in the next generation?

Guidelines: Set-up an exit route

Later on in the cousin consortium stage the shareholders are likely to be a mixture of first cousins, aunts and uncles, second cousins and more distant relatives who may not have met and who are unlikely to have similar interests or values. They will have inherited rather than purchased their diluted number of shares, and creating a workable internal capital market so that those who want (or financially need) to sell can withdraw from ownership is a wise precaution.

Shareholders should be bought out for fair value at prices that are calculated according to a transparent and objective process. Getting everyone to agree how this process will work in advance helps to avoid conflicts over valuation issues such as minority discounts.

Business

- Management philosophy. Are the best interests of the family or the best interests of the business paramount? If a combination of the two, what is the balance?
- Board composition. What is the right mix of executive and non-executive directors, plus family owners or their representatives?
- Board responsibilities. Clarity is required as regards the relationship of the board with owners, and its responsibilities towards them, the family and other stakeholders.
- Strategic input. How are core strategic issues on the development and goals of the business (on which family owners should have a decisive input) distinguished from day-to-day decision making that is the sole responsibility of management?

- **Corporate culture**. How can a corporate culture be created that reflects the family's values?
- **Executive remuneration**. How should the level and nature of rewards and long-term incentives be defined – and, in particular, should equity-based incentives be available to senior executives?
- **Management succession**. What should be the criteria for selecting the next leader (or leaders)? Who decides? How will they be appraised?
- **External relationships.** For example, what role should the business play in the community?

Family

- **Values and vision**. Why is our business better because the family owns it? Why do we as a family want to stay in business together and what rewards are we seeking? Do we want to work for the business or the business to work for us?
- **Creating governance bodies.** Establishing forums like a family assembly and a family council through which communication and the needs and interests of the wider family can be addressed without disturbing the business.
- **Drawing up rules and policies**. For example, how conflicts (like inter-branch friction) are to be resolved without damaging the business, what is the family's relationship with the board, how family perks are to be monitored and controlled, and how should the family's philanthropic objectives to be organised?
- **Education and development**. Preparing the next generation for both ownership and leadership, involving programmes on, for instance, leadership development, mentoring, careers advice and planning, and work experience.
- **Spending time together**. Owning a multi-generational family business is not made any easier when relatives don't know each another very well. A special effort is often needed to get to know one another in both formal and informal settings, helping to build a stronger and more cohesive unit.

Chapter 4
'Golden rules' for setting up a governance process

The following principles and ideas should inform the establishment of a family governance process:

- fairness
- inclusivenes
- flexibility
- transparency
- education
- accountability
- collective buy-in
- clarity of procedures.

Many families who have been through the experience stress the importance of having a 'driver' in the governance process – somebody trusted from within the family who leads the process, and motivates and involves family members in support of the plan.

Which family members to involve (and which not) when setting-up a family governance process, and when to involve them (or not involve them), is sometimes a contentious issue. Opinion is often divided between those who feel that collective buy-in to the process is best achieved by involving everyone from the start, and others who hold the view that it is better to confine planning meetings and discussions to just the key people at the beginning, and then progressively to widen the process to bring in more shareholders, trustees, shareholders' spouses/partners and so forth. It is very hard to generalise, but, if in doubt, the presumption should probably favour inclusiveness as a way to promote collective family buy-in to the governance architecture that is under construction. Ultimately, the end-product of the building process may not be as important as ensuring that everyone feels they have participated in a fair and open process.

Guidelines: Family members' spouses

Choices need to be made about how to manage the role and influence of in-laws in relation to the family business. They will certainly have an influence – to pretend that they do not hold strong opinions about subjects that affect their children's assets and futures is a fantasy. Approaches to the issue vary. At one extreme (common in some Mediterranean countries and in Latin America), in-laws are fully accepted and effectively enjoy family member status in relation to the business. At the other extreme, in-laws are excluded, not just from share ownership (via rules laid down in the articles of association and in pre-nuptial and other compulsory legal agreements) but also from any involvement in the business or its family governance architecture.

Whichever viewpoint – or compromise between the two – is adopted, achieving a family consensus on rules that are understood is likely to be a delicate exercise. But it is not an issue that can be left to chance. The role and voice of in-laws need to be actively managed through the mechanisms of family governance, with the aims of building trust, ensuring clarity and managing stakeholder expectations.

Recording decisions – the family constitution

The family's agreed conclusions about their values and the relationship they want to have with the business should be formally written down and recorded in a family constitution.

Sometimes also called a creed or charter, a family constitution is a written statement (gained by consensus) of the family's shared values and policies in relation to ownership and operation of the business. It represents a powerful tool in establishing and maintaining the balance between the best interests of the business on the one hand, and the well-being of the family on the other. It also creates clarity and helps reduce selective amnesia – i.e. 'forgetting' some discussions and decisions that do not suit one's own perspective, but enjoying a very clear recollection of others that do – which is one of the common 'syndromes' afflicting family businesses.

Contents

As a minimum, a family constitution should address the issues of principle and practice discussed in the earlier section on 'Responding to growing complexity', which can be summarised under the following headings:

- the family's agreed long-term vision and its goals for the business
- the core elements of its family values and management philosophy
- equity ownership policies – the rights and responsibilities of owners
- the conditions under which family members enter and exit the business
- rules covering family jobs – remuneration, incentives, appraisal and reporting lines
- the relationship between family shareholders and the board
- the agreed criteria for management succession
- relationships within the family – covering, for instance, the responsibilities of family members towards each other, family meetings, how communication is to be encouraged and promoted, and how differences between family branches and other conflicts should be dealt with.

Formulating a family constitution is a significant and time-consuming undertaking, and, if the process is to be successful, a major commitment is necessary from everyone involved. Sometimes work on a family constitution can be brought to a halt because the process has opened up a Pandora's box of surprise issues that need to be dealt with in advance of finalising the constitution. Also, it is an 'all or nothing' process because all its main headings are, to a significant extent, interlinked and interdependent – it is not generally advisable to formulate policies on some of them while ignoring the others.

Often a consensus can only be reached by all family members being prepared to negotiate and to be flexible as regards their ideal outcomes. In the end, of course, it is also possible that not all family members agree with every single provision of the constitution, but at least the rules have been thought about, discussed, written down and are clear.

As well as the core subjects listed above, some families use the opportunity to go further, making their constitution into a sort of vision statement that records the family's agreed stance, not just in relation to the business, but also on a range of moral, behavioural and philanthropic issues. Initially, discussion centres on seeking out common ground in relation to the business, but, once this level of consensus has been achieved, an appreciation often develops among family members that their ability to agree on business issues reflects the fact that, at a deeper level, they share a common set of ethical, moral and spiritual beliefs. This realisation strengthens feelings of family bonding, and helps the family arrive at an agreed constitution that they see as symbolising their commitment and their pride.

Legal status

Family members generally expect that the finished document will be a confidential family statement of intent rather than an enforceable legal agreement. But, as detailed provisions start to come under the microscope, the view sometimes develops that legal enforceability may be desirable.

Typically, this is brought home by clauses that are intended to protect the business but that may, in addition, place potentially onerous burdens on individual family members. A common example concerns exit procedures for shareholders who want to leave the business (a very important issue once the family company has reached the cousin consortium stage). The family constitution makes clear their freedom to leave but states that the consideration for their shares is payable over, say, a three- to five-year period. The delay is designed to protect the company against large-scale and unexpected withdrawals of cash, but may well represent a serious burden as far as exiting shareholders are concerned. Clearly, it is usually preferable that such important matters are not left to chance and, therefore, family constitution provisions can themselves be legally enforceable, or their provisions can form the basis for a separate legally enforceable shareholders' agreement or an amendment to the company's articles of association.

Monitor, review and amendment

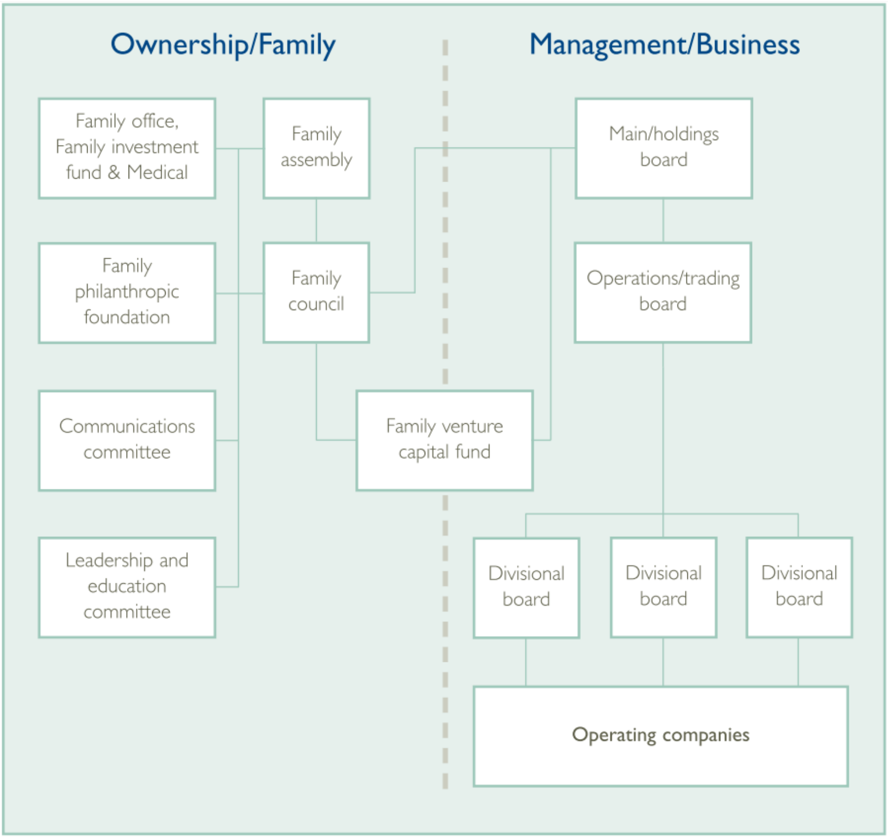
The constitution should be regarded as a 'living' document and provision should be made for it to be formally reviewed every four or five years as the family grows and develops. In the meantime, there should be mechanisms allowing family members to record any constitutional concerns or worries prior to the next formal review.

Formulating a family constitution is a significant and time-consuming undertaking, and, if the process is to be successful, a major commitment is necessary from everyone involved.

Chapter 5
Structuring family governance

Throughout this guide we have suggested various concepts, coordinating structures and committees designed to help families create organised accountability among the different interests and priorities of ownership, the family and the business. Figure 3 provides an overview of some of the principal structural components of family governance that can help families separate family and business issues, and help them to manage complexity in these multi-generational, cousin-owned companies.

Figure 3: Governance structure overview for a multi-generational family business



The first point to note is that it does not mean that all the best-run family firms must have all the governance entities shown in the diagram or discussed in this section. Figure 3 is designed to illustrate some of the available options. The particular design in figure 3 conveys the idea that multi-generational family businesses are often diversified into a number of separate business units or divisions (often managed by a mix of cousins and non-family professional managers), which are controlled by an operations board (sometimes called a trading board). An elaborate governance structure in turn supervises the operations board, including via a main board (sometimes called a holdings or supervisory board) with representatives from family branches plus outside directors, along with a family council and family assembly. But there are no templates – family governance architecture and its linking communication channels must be custom-designed to match a family's unique requirements and stage of development.

Family council

The family council is the main forum through which the distinctive interests and concerns of family members and shareholders can be articulated.
At its best, a family council in a multi-generational business probably has up to 10 elected members representing all family members, generations and branches. It is a working group serving as an 'executive' committee of the family assembly. The family council will operate as a 'bridge' between the board of directors and the family shareholders.

In family businesses, the board of directors has an extra area of responsibility beyond those in non-family enterprises (which centre on maximising shareholder value). Board members must understand the family's relationship with the company, mediate its influence on the firm and help ensure that the family's reasonable long-term goals for the business are met. Money may not be the family's only, or even a significant driver. A key function of the family council is to send clear signals to the board of directors on these 'strategic', long-term issues – for example, business risk and reward parameters that are acceptable to the family, the return on investment sought by family shareholders, and the family's attitude to ethical and moral issues that may arise in connection with business operations. However, as the family expands and becomes more detached from the business, the family council often switches its focus to communication, social, educational and charitable issues, reserving these strategic policy decisions to an executive family team.
The council, which may include family managers as well as family owners, should operate on a consensus basis, not by majority vote or in accordance with shareholding. (Indeed, it is a general rule for all these family governance structures that voting is to be avoided, except as a last resort.) The council has no formal business authority, but it aims to create the family 'glue', enabling the family to speak with one voice to the board. In fact, family shareholders can be seen as having just one role – to back the board of directors: if they are unable to provide this backing, then they have the ultimate power to remove that board.

For smaller families, the council might well comprise all the family shareholders, but for complex cousin-owned businesses that have large numbers of family shareholders, traditionally each branch of the family has tended to nominate someone for election to the family council. Recent trends, however, suggest that families are trying to move away from the notion of branch representation, often seen as an outdated and potentially divisive concept. Currently, in some more mature UK family businesses, the new generation has been adopting fresh guidelines that replace branch representation in governance structures with policies and procedures designed to emphasise and foster a more unified family approach to the business – clearly a development that places a high premium on establishing and maintaining good intra-family communication.

C. & J. Clark: A family council helps save the business

We examined a troubled period in C. & J. Clark's history earlier in this guide. Currently in its sixth generation, Clark's Shoes is one of the UK's oldest family-owned businesses and a household name. Some 80 per cent of the shares are owned by around 200 individual family shareholders, none of whom owns more than 2 per cent, and the balance is owned by employees and institutions. As previously stated, in the early 1990s,years of family feuding came to a head against a backdrop of bad trading results and dividend cuts. In May 1993, the shareholders only narrowly rejected a proposal to resolve the situation by selling the company.

The business that emerged from these crises, although family owned, is managed by non-family professionals, and the family council, set-up in 1993 to help handle the relationship between the family and the board, is regarded as the pivotal governance structure. Features of the council include:

- it represents virtually all the family and has its own secretariat paid for by the company
- there are 17 council members drawn from family shareholders and, to be eligible, they require the backing of at least 4.5 per cent of the share capital
- the council meets with senior management and the company chairman a fixed four times a year. (To a large extent, the effectiveness of the family council is seen as dependent on the sponsorship of the chairman and the openness of the executive directors)
- the council also feeds into the board via two family members nominated to the board by the council
- the council's main role is to inform and educate shareholders and to allow for consultation on issues that require shareholder consent.

Both insiders and outside observers have commented that the family council at Clark's Shoes has worked effectively in securing clarity, and a closer understanding and alignment between ownership and management. Its key challenge for the future is to bring the next generation into the family council, to support the business in the years ahead.

Other governance entities

The following entities from Figure 3 may also be built into a mature family firm's governance architecture.

Family assembly

This is an open forum for all family shareholders or all family members from the different branches of the family to meet and discuss family issues and concerns relating to the business, and to learn and ask questions about its activities. Assembly meetings should be scheduled to maximise attendance, and are often combined with social activities. They provide an opportunity for accountability, with family leaders who work in the family governance process able to report back to the wider family.

Family assemblies should also aim to teach family members about the business through presentations, and to discuss in broad terms the direction the company is taking and how this might change in the future. They can also announce any changes in share ownership since the last meeting, and possible regulatory or tax changes that might have an impact on the family.

Families need to decide at what age children should attend these meetings. Whatever the age limit – if there is one – families should organise group activities so that the next generation can learn about the business and develop relationships with their siblings and cousins.

Contrasting cultures: A council of elders

As well as family councils and assemblies, the family governance architecture in many Middle Eastern family businesses includes an extra body – a council of elders or seniors. Because of deep-seated respect for the senior generation that underpins many aspects of Middle Eastern life and culture, this entity will be at the top of the family governance hierarchy, with the family council acting as its executive committee.

Family office

The role of the family office is to centralise functions for family members and, by acting as an investment, liquidity management and administrative centre, it helps underpin the family governance structure. It can also oversee family estate and tax planning, and coordinate insurance, banking and accounting. Many families believe stronger family ties will develop for future generations when a dedicated office exists, because it helps foster a strong family identity, clarifies family values, preserves traditions and trains young people to responsibly manage the money they will one day inherit.

Another useful function of a family office is to administer a family fund (often financed by a set percentage of dividend payouts) set-up to cover specific agreed items of family expenditure on behalf of family members. Such a fund can seek to maintain financial equality among family branches, which may be unbalanced by factors such as unequal numbers of children in the next generation or a medical emergency. The family fund covers specific items of expenditure considered to be a family rather than an individual responsibility, such as for education, medical expenses, share buy-back loans, the refinancing of shares for future generations and family venture capital.

The family office is a separate operation from the family business, although some of the same individuals may participate in both. It should have a formal business structure with a management board (which can consist of family members as well as outside advisers) and it should report to the family on investment performance, liquidity and other operating information.

Through planning together, a family can create a shared vision and an articulation of principles and guidelines that will help direct overall investment policies. In addition, combining assets into investment pools can increase buying power and provide access to better money managers. A central value-added service of family office operations should also support independence – the provision of unbiased, non product-motivated advice on asset allocation and diversification – while the determination of an appropriate asset allocation and investment management strategy takes place with a comprehensive understanding of the family's financial situation and its risk-return objectives.

Guidelines: Family office structures

There are two main family office models – the single family office (SFO) and multi-family office (MFO). The SFO is the traditional model, serving a single family, but SFOs are tending to die out. Rising costs and the difficulty of retaining top-quality talent are causing fewer families to open individual offices. MFOs, which offer services to more than one family, are often formed by a family deciding to open the doors of its SFO to other families. This has the advantage of providing the career structure, challenge and motivation for talented people that the SFO may not, of spreading costs and risks across a larger asset base, and the opportunity to establish the MFO as a sustainable business.

While family offices have traditionally operated around the investment component of wealth management, today they are addressing broader aspects of family wealth. In particular, there's greater emphasis being placed on human, intellectual and social capital perspectives, and more concern about the ways in which family wealth affects the lives of heirs.

So many family offices are focusing on the need to create educational programmes for the next generation, giving them the skills required to make independent evaluations regarding the family's wealth. The expertise of the family office can be put to good use in educating the next generation from an early age about the challenges and responsibilities of wealth, investment and philanthropy – and in offering opportunities to gain hands-on experience in dealing with those responsibilities.

Family philanthropic foundation

Organising philanthropy can be another of the roles played by a family office under the auspices of a family foundation or charitable trust, which serves governance functions by working with broader family to implement shared values. Family business social and philanthropic activities are often a product of family business values, with family members seeking to have their values and vision reflected in the behaviour of their business.
It's difficult to generalise about this subject. There are huge multi-generational family companies that give nothing to charity, while some smaller-scale family firms might donate 10 per cent of their profits each year. Nevertheless, as corporate social responsibility has developed into a mainstream business issue and a global trend, there is growing evidence that many family businesses see philanthropy as a unique opportunity for them to 'stand out from the crowd' and give back to society.

There's no doubt that that philanthropy can play a significant role in helping to strengthen family bonds. Strong families often share a unifying force that encompasses integrity, honesty, loyalty and high ethical values, and family businesses and their owners are often generous in support of good causes. But as family firms mature, not all family members will be involved in management or ownership, and a philanthropic agenda can become a rewarding way of fostering family cohesion, representing an opportunity for the family to work together and to remain connected to their shared history of achievement.

Guidelines: Philanthropy and inter-generational teamwork

A number of families set aside a portion of their charitable fund in order to give responsibility to the younger generation for deciding how it should be allocated. The aim of this is to help ensure that the family's philanthropic values are passed down effectively, and to give the next generation an opportunity to put those values into practice. It also encourages the younger generation – especially important if they have grown up in different households – to work together as a team, practising communication, decision making and other vital skills they'll need when they eventually become shareholders. Many families are taken by surprise with the results of such initiatives. Rather than the young generation simply coming up with a plan to donate funds to a well-known charity, they generally take their role very seriously, researching a variety of causes and deciding, as a generation, to support distinctive and important projects, frequently based overseas.

It's worth remembering that establishing and operating a successful family foundation can be just as problematical as building a successful family business. In each case the first question for the family to address is 'What are we trying to achieve?', which in this case means ensuring that the family foundation's charitable giving is directed to causes that fit in with a mission and strategy that has been carefully defined and thought through. As with a family business, future generations can sometimes find it difficult to identify with the founder's vision, and problems can arise if the original 'donor's intent' becomes outdated and the foundation's objectives fail to engage the passion and commitment of successors. Also, as with third and fourth generation family firms where ownership is in the hands of many cousins and maintaining a unified family approach to the business becomes a major challenge, so similar issues can arise with family foundations in the cousin generation, where some family members may feel the foundation is run by 'enthusiasts' more in their own interests than those of the family as a whole. At this stage, leadership skills are required comparable to those needed in the family business in order to resolve differences among family members, forge a common agenda and re-engage the family behind a vision of strategic philanthropy that helps cement family ties and perpetuate the family legacy.

Communication committee

This important body controls the quantity and quality of information disseminated by the family business to its shareholders.

We saw earlier how, by the cousin consortium stage, most family shareholders (sometimes in their hundreds) have become detached from traditional, often informal sources of news and information concerning the family business. In particular, management control of the business may have been assumed by one particular branch of the family, meaning that non-employed family members in other branches will be out of touch or – and just as potentially damaging – will feel out of touch with what's happening in the business. Keeping these shareholders informed requires thoughtful and well-planned communications management. This can be a particularly difficult challenge if family business leaders have acted on the presumption (to an extent justifiable) that only those active in the business have rights to a free flow of information about it.

At a basic level, it is clearly vital to plan for and manage the announcement of sensitive information, such as the company's dividend policy. If there is to be a significant change in the policy – especially if this means reduced dividend payouts – then this needs to be carefully managed and the ground needs to be prepared so that family shareholders are not taken by surprise. It sounds obvious, but the independent existence of many cousin-owned companies has been thrown into doubt by a reckless failure to manage the expectations of family shareholders as to dividend payments. More generally, effort needs to be invested in assessing what types of information should be compiled, so that everyone is receiving appropriately timed information, in the right quantity, and in a clear format that they personally can understand and will find useful.

With bigger families, there is often a case for appointing a shareholder relationship manager (SRM) - usually a non-family member whose main role it is to ensure strong communication links with family shareholders. In particular, the SRM will:

- act as a central point of contact on investor relations issues for all family shareholders
- communicate relevant and appropriate information to family shareholders
- answer shareholder queries
- coordinate basic tax data and advice to assist family shareholders with their tax planning.

Leadership and education committee

Many families who own mature, multi-generational businesses are coming to understand the family governance benefits of nurturing their family's human capital by promoting leadership development, business and financial education, and skill-acquisition opportunities for family members. Such education initiatives should not just apply to family members employed by the business, but rather should seek to provide all family shareholders with a better opportunity to learn about the business, helping them to connect to the company and to understand their responsibilities as family shareholders.

A leadership and education committee, formed as a sub-committee of the family council, is responsible for designing programmes to meet the varying educational appetites and requirements of family shareholders. For example, programmes might address education for the family assembly, for family members on the family council and for family members identified as possible future family leaders. Specific programmes would aim to give the next generation the knowledge and skills required to arrive at an independent evaluation of the opportunities and challenges involved in possibly joining the family business, as well as preparing them for the responsibilities of ownership, family wealth, investment and philanthropy.

Venture capital fund

Operating like a professionally managed venture capital (VC) fund, this entity manages resources set aside to stimulate and develop entrepreneurship among family members wishing to pursue a career outside the business while still maintaining a connection with it.

Families that manage VC funds for family members most effectively are discriminating in the funding they provide. The assessment committee uses standard business criteria for evaluating proposals, with applicants typically expected to supply:

- a sound business case, supported by financial projections, a feasibility study, cash flow forecasts and timescales
- proof of independent advice/assistance with the venture
- evidence that the proposed venture is in line with the defined values of the family and that it will not compete with any of the activities of the family business.

A maximum amount that can be applied for is generally laid down, with a split being agreed as between VC funding and personal funding. Recognising that the individual is unlikely to have sufficient personal funds, the rules sometimes permit the amount outstanding to be gifted by the family fund (discussed in the 'Family office' section above). The VC fund will also have rules on financial reporting and on how any profits made by the venture are to be split between the family business and the family member.

Family socials committee

This body organises regular events that are designed to support and strengthen family governance by fostering family relationships. Special efforts are often needed for distant cousins to get to know each other, helping to build a stronger and more cohesive family unit.

Roles and membership

The assigned role of each of these governance bodies, how they communicate with each other, and who should serve on them, for how long and with what authority are matters that should be laid down clearly in the family constitution. Selection and staffing in particular raise difficult issues.

When family businesses reach the cousin consortium stage they are forced – by numbers and diversity – to a representative system under which some family members are empowered to make decisions on behalf of others. How representatives are chosen, for how long they serve and the scope and extent of their authority are all hard questions that need to be resolved.

Staffing options include open election, volunteers only, outgoing seniors picking their replacements, family branches choosing personnel and nominating committees making selections. The problem is that each of these options comes with its own comprehensive set of advantages and disadvantages, where, for instance, competency has to be set off against transparency of the process, impartiality against the danger of favouritism, bloodline against the wider family, and a rigorous system against one that fosters competition among committees. A good guiding principle when negotiating this difficult balancing act is that recognising the need for a good fit between tasks to be accomplished and the talent available is critical for good governance.

Chapter 6
Getting the structure working

The most carefully designed family governance structures will not work unless there is effective collaboration and communication between family members.

The problem is that, even at the best of times families can find communication difficult, and more so with the onset of the cousin company stage as the family grows and fragments. Meeting agendas and early discussions with family members often give company advisers the erroneous impression that full and frank communication is taking place within a family business, but, probing a little deeper, it becomes clear that family members are not communicating at all about the things that really matter. In fact, family business people will often shy away not just from talking about family issues and difficulties and how they may be affecting the business, but also from thinking about them. There is often a 'forbidden agenda' covering a variety of potentially sensitive family issues deemed to be risky and too likely to generate conflict.

Even where there is a desire to talk about important matters openly, it can still be difficult to discuss big issues that go the root of family members' relationships with each other and their interaction with the business. A family business adviser and facilitator can play an important role here, providing a 'safe environment' in which to talk about the forbidden agenda, coaching individuals to improve their communication skills, helping them to develop the capacity to empathise with others' needs, and facilitating effective group meetings.

Golden rules for family meetings

- Listen to each other
- Try to understand each other's viewpoints
- Listen for what is not being said
- Show respect
- Be honest, say what you mean, but avoid personal attacks
- Be prepared to explain your reasoning
- Avoid vagueness
- Do not interrupt, even if you disagree
- Avoid making demands
- Focus on goals rather than personalities
- Do not over-concentrate on the past

A final point is that communication is often inhibited by fear of conflict. But it is important to distinguish between constructive conflict, where different perspectives are accepted and appreciated, and where debate can lead to positive, creative outcomes, versus destructive conflict, which generally centres on disputes about personal identity and relationships, and where debate leads nowhere. The most effective families focus on methods to 'manage differences' rather than deal with conflict.

The most carefully designed family governance structures will not work unless there is effective collaboration and communication between family members.

Chapter 7
Role of a facilitator

As discussed earlier, many families that have established a family governance process have stressed the value of having an independent outsider to act as adviser and facilitator, to provide objective guidance – especially guidance based on learning points from the experiences of working with other families.

The best family business consultants have broadly based commercial and financial experience, and are skilled in managing group interactions and the special dynamics that operate within families. Their most important attributes divide under the headings of counselling and facilitating:

- **Counselling** The consultant needs to:
  - be a good listener
  - build trust
  - maintain confidentiality
  - be professional
  - be objective and independent.
- **Facilitating** In order to encourage and maintain effective communication the consultant needs to be able to:
  - chair and facilitate family meetings
  - communicate with people who have varying levels of understanding
  - identify and introduce sensitive issues into the process in a tactful and effective way
  - connect with different generations and genders within the family
  - maintain control, particularly in an emotionally charged environment
  - guide the family through a process to reach the desired goals
  - keep everything transparent
  - allow the family to come up with their own answers
  - maintain a neutral position throughout.

Procedures as applied by the advisers of Peter Leach & Partners when consulting with multi-generational cousin companies typically begin with educational seminars, followed by one-to-one meetings with family members; group-facilitated sessions (e.g. with family groups or smaller shareholder groups); and family retreats. A key guiding principle is that the consultant is not there to provide solutions. Rather, their role is to understand the issues, give advice on the challenges, and to help the family arrive at a solution that meets their needs and requirements. The consultant will draw on experiences with other families in order to generate ideas and stimulate discussions. Most important is that the whole family buys into the process and that family members enjoy working with their consultant – the chemistry must be right.

The best family business consultants have broadly based commercial and financial experience, and are skilled in managing group interactions and the special dynamics that operate within families.

Chapter 8
Conclusions

This guide has been designed to provide family business people with guidance and illustrations to show how process and structure can reduce emotional conflict and improve multi-generational success. Multi-generational cousin-owned enterprises need the right family governance structure to suit their particular business and family situations. The most important thing to remember is that there is no ‘one size fits all’ solution. Large multi-generation families are complex and diverse, and the leadership skills required to forge a common agenda and resolve differences among family members should not be underestimated.

Effective family governance requires introducing points of contact between the family and the enterprise – the family assembly, family council, committees and so forth – that enable discussion and resolution of the complicated and often emotional family, ownership and business issues that confront mature family businesses. But governance structures – however well designed – are only part of the answer and only the start of the journey. The other required ingredient is a shared passion for making the governance system work, which means educated shareholders, strong leadership and a family-wide commitment to effective communication.

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Institute of Family Business

The UK's Network for family firms

About IFB

IFB helps families meet each other and exchange best practice to:

- secure long-term success and sustainability
- prepare the next generation to become tomorrow's leaders
- be effective stewards building wealth for future generations.

IFB's mission is to help sustain a successful family business community in the UK making a powerful contribution to the national economy. These aims are achieved by:

- offering members regular networking opportunities and educational programmes
- fostering the development of knowledge and best practice in the field of family business.

IFB is an independent not-for-profit organisation, governed by a Trustees board elected by the members.

Who is IFB for?

The network is designed for family business owners, either actively involved in management or just shareholders, board directors and senior executives. All generations are encouraged to participate and the association emphasises the importance of the young generation through the IFB Next Generation Forum.

By families for families. For information contact:

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Peter Leach & Partners

The continued success of the family business sector is critical to the UK economy. Yet, surprisingly, little guidance is available on these unique and complex issues that family businesses face. One organisation, however, makes available the guidance and help family businesses need.

Peter Leach & Partners specialises in advising family-owned businesses and the people behind them. With over 25 years of experience in the field, Peter Leach is one of the world's leading family business consultants and facilitators. He has a successful track record of working with and transforming numerous family businesses across the world. Peter Leach & Partner's specially trained and licensed consultants are widely recognised authorities on this complex sector. As respected professionals, they combine many years of practical experience with a continuing commitment to family businesses. Their objective expertise makes Peter Leach & Partners a valuable resource for any family business.

From our experience, built up over many years of working with family businesses we know that no two are the same - nor are the commercial or competitive pressures that affect them. For that reason, we tailor our approach to the specific needs of the family and the business involved in each assignment we undertake.

The core services that Peter Leach & Partners offers its family business clients are:

- managing succession
- formalising a Family Constitution
- improving communication

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