

## Family Council & Family Assembly

**F**amily council is to the family what the board of directors is to the business.

If the family size is relatively small, detailed discussions can take place in large family gatherings. But when the family grows bigger, families generally benefit from having a separate family council.

Family members find it difficult to deal with tough issues in a one-to-one interaction. However, if issues are raised in a meeting, it is possible to maintain rationality and objectivity and to reduce the influence of personality. If members are trained in communication skills and are encouraged to involve in healthy discussions, many possible crises can be averted.

### Modus operandi

The family council should have proper representation of each family branch. Youngsters and female members should also be included. All family members working in the business should be members of the family council. Members living in different geographical locations should be properly represented.

It should meet a few times each year for one or two days each time.

It should ideally take decisions by consensus, even if it means lengthy discussions or more involvement.

Attendance must be mandatory barring exceptional circumstances.

Outside facilitators can be hired in the beginning to kick off the proceedings of the family council. Some matured family businesses have family friends or distant relatives on the family council. Some families invite non-family CEOs to many meetings of the council to have an open dialogue.

The family leader should not conduct the meetings of family council. He should encourage others to head these meetings in order to ensure free and frank discussions. Transparency and openness of communication have to be committed, expected, and if necessary, demanded.

### Stabilizing The Process

Family councils need to set the rhythm and jump into action as early as possible. Families start these practices with much discomfort, with lots of apprehensions and without much experience. Ensuring small doses of success is necessary.

The topmost priority of any family council is to ensure that the next meeting happens in time. This is always the toughest job. It is wise to

entrust a female member not involved in business, with the task of timely organization of the meeting.

Success through family councils can be achieved with patience and only with trial and error. We again repeat **“Ensuring the next meeting is the most crucial agenda.”**

### Goals

- Strengthening the family harmony
- Ensuring individual growth
- Ensuring growth and continuity of the family business
- Ensuring success of the governance process
- Facilitating succession
- Providing a platform for open communication
- Developing system for conflict resolution
- Ensuring continuous learning for family members and training of youngsters
- Ensuring healthy involvement of the family in social activities
- Protecting family wealth

### Issues

Some of the issues that can be covered in any meeting of family council are:

1. Business related facts, decisions and developments having a bearing on financial performance including auditors' report on the periodical financial performance
2. Changes in family's ownership of business and in case of widely held companies, any significant change in outside shareholding pattern
3. Developments having an impact on business continuity like sale of the business, mergers, acquisitions, alliance, going public, liquidation etc.
4. Entry and exit of key managers
5. Restructuring, hiving off or diversification of business portfolio or business locations
6. Environmental changes having significant influence on business
7. Major capital expenditure plans
8. Business liabilities and report on solvency position
9. Report of the board of directors
10. Report of the CEO on strategic direction and future scenario
11. Disclosure by members planning to pursue any new venture or career outside the family
12. Any conflict having the potential of damaging family harmony
13. Issues like marriage, higher education, medical problems
14. Succession related issues

15. Major achievements of individual family members

16. Mentoring plan for youngsters

Family councils intrude in private lives of family members. Families need to draw the line as to what cannot be discussed in such meetings.

### Functions

A family council performs the following functions:

- Defining the family vision/mission
- Ensuring the continuity of family values by defining them and by devising means to transmit them to future generations.
- Developing family creed, family beliefs and family philosophies
- Drafting and implementing the family constitution/policies
- Defining roles, rights and responsibilities of family members
- Managing family-to-business, family-to-individual and family-to-society dynamics
- Developing agenda for community service and philanthropy
- Providing for security of family members
- Reinforcing of family spirit through fun
- Acting as family's lenses for the future.
- Attending to the following critical issues:
  - Suppressed individuality
  - Nepotism and favoritism
  - Demotivated talent
  - Rigid culture
  - Neglected old members
  - Drifting youngsters

### ANNUAL RETREAT/ FAMILY ASSEMBLY

Many families have Annual Retreat or Assembly. Members get opportunity to talk about their concerns in a non-confrontational atmosphere.

They are like annual general meetings of shareholders. However, they are more informal. They are occasions for recapturing family memories and cultivating family values.

The agenda for any family meeting should ideally have four components:

- Fun
- Inculcation of vision and values
- Decision-making
- Learning and education.

Assemblies can be made highly effective by developing communication skills in members.

All members of the family, including the in-laws, should be invited.

While fixing dates, factors like school vacations etc. should be considered.

Agenda can contain some fixed issues like analyzing business performance, communication from the board of directors etc. Members can also forward a particular issue that they want to be discussed.

While conducting the meeting, begin with easy issues and move on to tough ones; or from issues with high probability of consensus to issues where there is a conflict of opinion, in order to benefit from the feeling of togetherness that has already been generated.

Through family assemblies, children learn about family culture, family values and also about the business of the family. They understand their responsibility and accountability and learn to mould their expectations.

Families should decide the age when younger children can be allowed to participate in serious businesses of the agenda. There is no harm in exposing them to debating sessions where family members reach a consensus despite diverse views. This teaches them to accommodate other viewpoints and to reconcile by letting go the personal ego. Without this experience they may not learn to participate in healthy debates. However, they should not be exposed to explosive situations.

Families should organize group activities where the children can begin to learn about the business and develop relationships with their siblings and cousins living in far off places.

Organizing assemblies away from the potentially hostile environments of home or office is necessary to curb the desire to attend to office or to separate from the gathering as a gesture of disapproval, which some members may resort to in order to manipulate others.

Family Assembly should include an overnight stay. **It is the cool hours of the evening and early night which provide a perfect setting for the family feelings to surface - during evening walks along the beach, during leisurely rest in adjacent parks or during the fun-filled atmosphere of camp-firing. It is when cousins sleep together and share their jokes and experiences that the family bonding strengthens. Family assemblies have to go beyond business and penetrate through the veils of silence to bring out all inner feelings.**

The family assembly should bring to surface all deep-rooted feelings of anger, animosity, hatred, jealousy and frustration. They should provide a burial ground for negative emotions

and for the full blossoming of healthy relationships. A perfect harmony cannot be achieved, given the diverse personalities and different desires of family members. **Each assembly should symbolize a fresh beginning - for new ways of relating, for new differences and for new conflicts.**

**Thanksgiving sessions and forgiveness sessions can be organized occasionally.** These moments capture the unifying spirit of the family. Young members develop deep faith in the resilience of the family and become more vocal in sharing their problems and mistakes. They feel sheltered in the strength of family harmony. This approach can do wonders in nurturing future leaders.

These assemblies provide the families occasions to laugh together and to cry together. They give gifts of moments to cherish and to yearn for. Elderly people take nostalgic journeys down the memory lane and younger people conceive dreams and challenges. They have the pulling effect on all drifters. They provide roots to youngsters, so necessary in today's detached world, which causes merciless disruptions, displacements and destructions.

Each family should customize its approach to family assemblies.

A healthy and open family can invite non-family business leaders to expose family members to new experiences. Many fresh themes and ideas germinate during such cross-fertilization. However, outsiders should not participate to the whole length and should be invited only for specific sessions, unless there is a specific purpose like conflict resolution. Drawing limits is necessary to spare embarrassment both to the guest and to the family. Many members may not feel comfortable in communicating openly. But in the case of conflict-ridden families, the presence of an outsider can help in keeping emotions in check.

**Youngsters may interview seniors and non-family directors and then present the story in the assembly.** Questions may include their youth, confusions, conflicts, challenges, experiences, achievements, family crises events and how the family overcame it, their perception of the future and their message to the family.

Family members can simplify and restructure financial statements in a manner comprehensible to all.

Business leaders should explain to the family the amount contributed by the business to philanthropic activities and also to the national exchequer. This instills a sense of pride in the

youngsters and also in non-working family members.

Tell the family about the number of people employed by the family firm and about how many families depend on it for their livelihood and for the future of their children. This makes family members feel like stewards.

Explain to them the practices followed by the company for ensuring quality, for innovation, for cost reduction, for improving processes, for information assimilation and sharing, for employee development and for customer service.

If necessary, seek professional help to set the systems and to stabilize the process to make the assembly more effective and interesting.

Professional speakers are invited to impart education and training on selected topics.

The first retreat should focus on reviewing the firm's history, defining family and business values and missions, creating a statement about the future of the business and reviewing areas that need more attention.

Minutes recorded over the years become valuable documents to understand family history and family culture. If families record all crises or ecstatic experiences highlighting the decision making process to deal with such extraordinary situations, they can work as precedents to deal with similar situations in future.

In the case of indecision, the matter can be deferred or can be handed over to the family council or to a committee constituted for the specific purpose of resolving the issue.

Occasions like marriage or death also provide opportunity for interaction. But these will be more of social nature and are occasions for people to get to know one another rather than to discuss business issues.

By giving every family member the opportunity to express concerns and to learn about business issues, you're keeping everyone's stress level under control while keeping the business moving forward. Use the meetings to defuse any potential time bombs.

Let the youngsters organize and conduct a portion of the meeting.

Families may find it difficult to adjust to the practice of structured family meetings. But once they overcome the initial discomfort, they can reap immense benefits.

*"Family jokes, though rightly cursed by strangers, are the bond that keeps most families alive."*

*- Stella Benson*