



BOARD SERVICES TAILORED FOR THE FAMILY ENTERPRISE

# Protecting the integrity of both the family and the business



THE FAMILY BUSINESS  
CONSULTING GROUP

# The Family Business Consulting Group works with family businesses to build boards that reflect the family's values, principles and vision.

A family business that is well governed is free to work toward the highest and best objectives of business – maximizing profit, improving strategy, creating jobs, fostering employee development and serving all stakeholders, including shareholders, employees, customers, suppliers and the community.

— Craig Aronoff and John Ward, FBCG co-founders  
Excerpt from *Family Business Governance: Maximizing Family and Business Potential*

At The Family Business Consulting Group, we believe in creating tailored and comprehensive governance systems for family enterprises. Our approach is rooted in the unique strengths, challenges and opportunities of each business, while also taking into consideration the family's history, vision and dynamics.

## Our Board Services

Our corporate governance services encompass a range of offerings, all designed to support the success and longevity of your family business.



**Board Development**



**Family & Director  
Education**



**Board Facilitation**



**Chair & Director  
Development**



**Independent Director  
Placement**



**Board Assessment  
& Evaluation**

# What makes a family business board different?

In addition to the strategic and fiduciary contributions that all well-functioning boards provide, family business boards have unique responsibilities and opportunities. Family business boards must align with and support the family's values, priorities and vision for the business in order to ensure that management, governance and family concerns are addressed with proper balance and accountability.



An effective board of directors that is strategic and productive can help to significantly strengthen not just the business, but in many respects, the family as well. In our work, we find an increasing number of families are recognizing the potential benefits of board development – the process of formalizing their board, and including independent directors, with the goal of deriving greater benefit from their governance efforts.

– Kelly LeCouvie, FBCG senior consultant  
Excerpt from “A planning guide for transforming your company's board of directors,” *Family Business Magazine*

These obligations require that directors possess skills and sensitivities that differ somewhat from non-family boards including the ability to achieve buy-in from multiple stakeholders. This presents unique challenges to constituting the board, creating the board structure and leading the board effectively.

Whether family members or independents, successful board members must learn to:

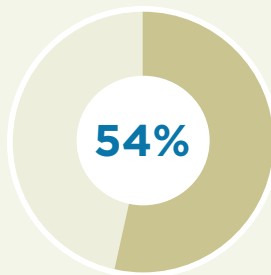
- Collaborate with family governance structures.
- Apply the family's philosophy to board decisions.
- Place strategic recommendations in the framework of the family's goals.
- Respect appropriate boundaries between the roles of family members, management and directors.
- Provide objectivity in discussions affecting both family and business.
- Oversee generational transition and adapt governance processes for a new, growing shareholder group.
- Foster transparency, trust and accountability through ongoing, open communication with shareholders.



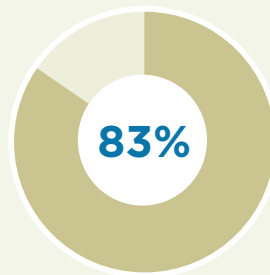
# Adding independents increases board value for leadership.

Our research demonstrates that family businesses with independent representation on their boards reported a much higher level of board effectiveness than respondents with no independent directors. And reported effectiveness increases with the amount of independent representation.

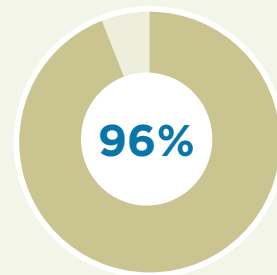
## Type of Board and Percent of Sample Rating Their Board Effectiveness



Family-only board



Two or more independents  
but NOT a majority



Majority independents

Adapted from *Building a Successful Family Business Board* by Jennifer Pendergast, John Ward and Stephanie Brun de Pontet



# Developing a fully integrated approach to governance systems.

At the heart of family business success is a governance process that evolves and adapts to the changing dynamics of the family, the ownership group and the management team as these groups themselves evolve. We can help.



## Board Development

Board development is a purposeful process of advancing the structure and function of the board of directors. In family firms, board development often includes:

- Formalizing board meetings and management reporting protocols.
- Integrating independent advisory or fiduciary board members.
- Creating charters, role descriptions, and other governing documents.
- Defining and constituting effective committees.
- Enhancing board deliberation on strategic questions.
- Preparing family members and independent directors to be effective board contributors.



## Family & Director Education

Family business boards often benefit from custom education for owners and board directors related to effective governance in family companies. These educational programs can be a useful component of onboarding new family or non-family directors, or to inform the board about common questions and challenges faced by similar firms as they consider questions around strategy, continuity, succession, ownership, and more. Education may be used in partnership with other board development activities to build alignment, speed decision making, and support successful launch of new board initiatives.



## Board Facilitation

In most boardrooms, meetings are facilitated by the chair or a lead independent director. In certain circumstances, outside board facilitation is advantageous to navigate difficult conversations, or ensure all directors can fully focus on the content of the discussion. Our team can help structure and facilitate individual board meetings and strategic retreats, freeing your board to focus on the decisions at hand.



## Chair & Director Development

The transition from executive to director can be challenging. Effective directors must learn new boundaries and determine how to effect change and accountability from outside the management structure.

Board service also requires distinct interpersonal skills to maximize board relationships, reinforce accountability and remain a resource to management and ownership. Individual coaching and development can be useful for the family business chair, new family directors and independent directors to help them navigate this new role and build competencies that can magnify their impact on the board and the business.



## Independent Director Placement

Recruiting the right board directors for your family business is crucial for its success. Our tailored approach to director placement ensures that we find the perfect candidates for your unique needs.

We take the time to understand your family's values, culture and mission to ensure that we source candidates who share a genuine interest in your business's success. Our process involves evaluating the strategic needs of your business, identifying the expertise required and carefully selecting from our network of experienced directors who possess a deep understanding and appreciation of the intricacies involved with family businesses.

### Board Director Search Process

Our process is streamlined and efficient, ensuring that you get the best candidates for your business.



Timelines do vary by engagement, but typically range between 4 to 8 months.



## Board Assessment & Evaluation

Implementing a board evaluation process can provide a snapshot of performance that can inform decisions about board structure and talent needs, or an ongoing accountability and feedback tool for the chair and board that can enhance engagement from both family and independent directors.

Board assessment and evaluation approaches can range from fully independent (consultant-led) to self-evaluation approaches, and can include both board effectiveness and director effectiveness measures as needed. Our team works with boards to collect robust, meaningful feedback and extract opportunities to foster improved engagement, management support and shareholder relations. We can then support the board in debriefing the findings and developing a meaningful action plan to address any gaps.

To keep the board vibrant and well-equipped to help the family enterprise prosper in the future, it's important to conduct regular evaluations. A crucial part of this process is the creation of a board matrix, which identifies the skills, experiences, and attributes that will be most valuable in supporting the family enterprise's envisioned future. By identifying gaps, the board can guide director succession planning and ensure that the right people are in the right positions to drive success.

– Rob Sligh, FBCG senior consultant

Excerpt from "The Role of Board Evaluations in a Family Business," *The Family Business Advisor*

# A Case for the Directors: It's More than Just Business

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"We're probably going to dissolve our board," a family business leader told us last year. He said that the governance body, which had been in place only for three years, was able to advise on business strategy and operating issues, but struggled to deal with challenges that arose at the intersection of business and family, such as family employment and intra-family conflicts.

"The belief of the independent board members is that the family should deal with those types of things ourselves," he said. Luckily, we convinced his business to replace the directors in question with those who could help the family take on issues beyond maximizing shareholder value. Soon they found the right people to fill the roles, and quickly benefited from the new directors' guidance, maintaining the critical element of independent governance.

While that story had a happy ending, it reflects a high-stakes challenge for family businesses: finding independent directors equipped to advise on issues beyond economic value creation. In short, the best independent directors in a family business, unlike their counterparts at non-family private firms, will understand the nature and goals of the business and

the family. That enables them to help the family create not only shareholder value but also other things family shareholders value, including long-term family engagement, unity and alignment. Put another way, directors who can't or won't move beyond the familiar territory of shareholder value and business oversight will not be the best fit for most family firms.

Getting the most out of your independent directors involves knowing what to look for in prospective board members and understanding the unique family business areas where their guidance can be most useful.

– **Stephen L. McClure, FBCG principal consultant**  
Excerpt from "Find the Best Independent Directors for Your Family Business," *Private Company Director Magazine*





# What's best for your family. What's right for your business.

Our consultants have helped thousands of enterprising families create a foundation for better business performance and stronger families. This allows you to formulate plans for the future, and inspire you and your family members to work and live in harmony for generations to come. We start by listening, getting to know you as individuals and as a team, then work with you to co-create solutions and implementation.

Together, we'll build a bridge to the next generation with a solid plan and peace of mind. Because when families join together, your family business stands apart.

## Our Solutions



## Let's Start a Conversation

To learn more about our firm and how we serve families like yours, call (773) 604-5005, email [info@thefbcg.com](mailto:info@thefbcg.com) or visit [www.thefbcg.com](http://www.thefbcg.com).



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Helping Family Businesses Prosper Across Generations.®