

SESSION ONE

Effective Practices of High-Functioning Family Business Boards

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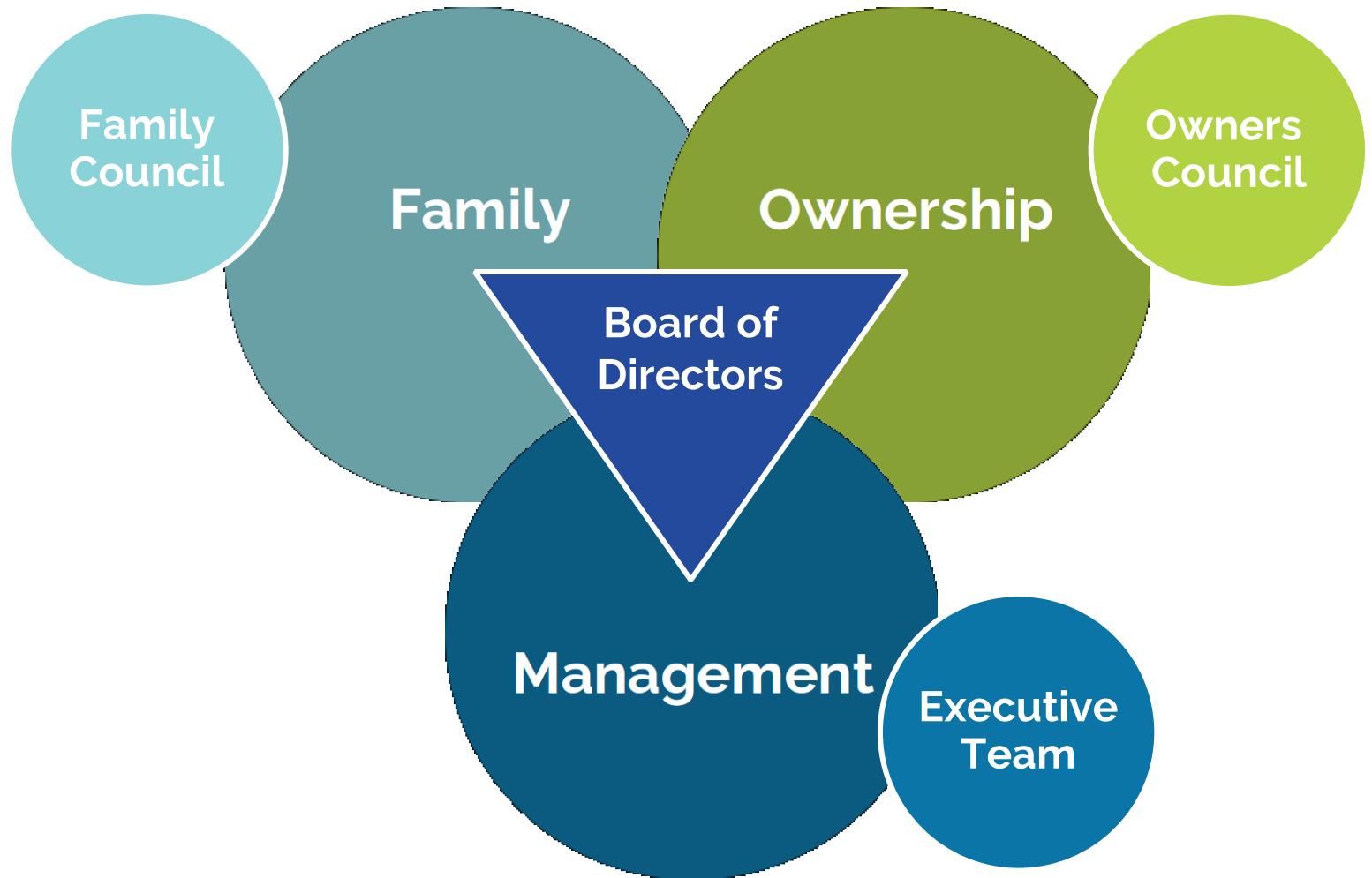
What We'll Discuss in This Session

- ✓ Understand the board's role in family business governance
- ✓ Understand a board's evolution - Assess your board's position on the Governance Continuum
- ✓ Use Multi-Roles Model[®] to demonstrate board fit within family business ecosystem of family, ownership, management and governance
- ✓ Learn the practices of high-functioning boards
- ✓ Share experiences

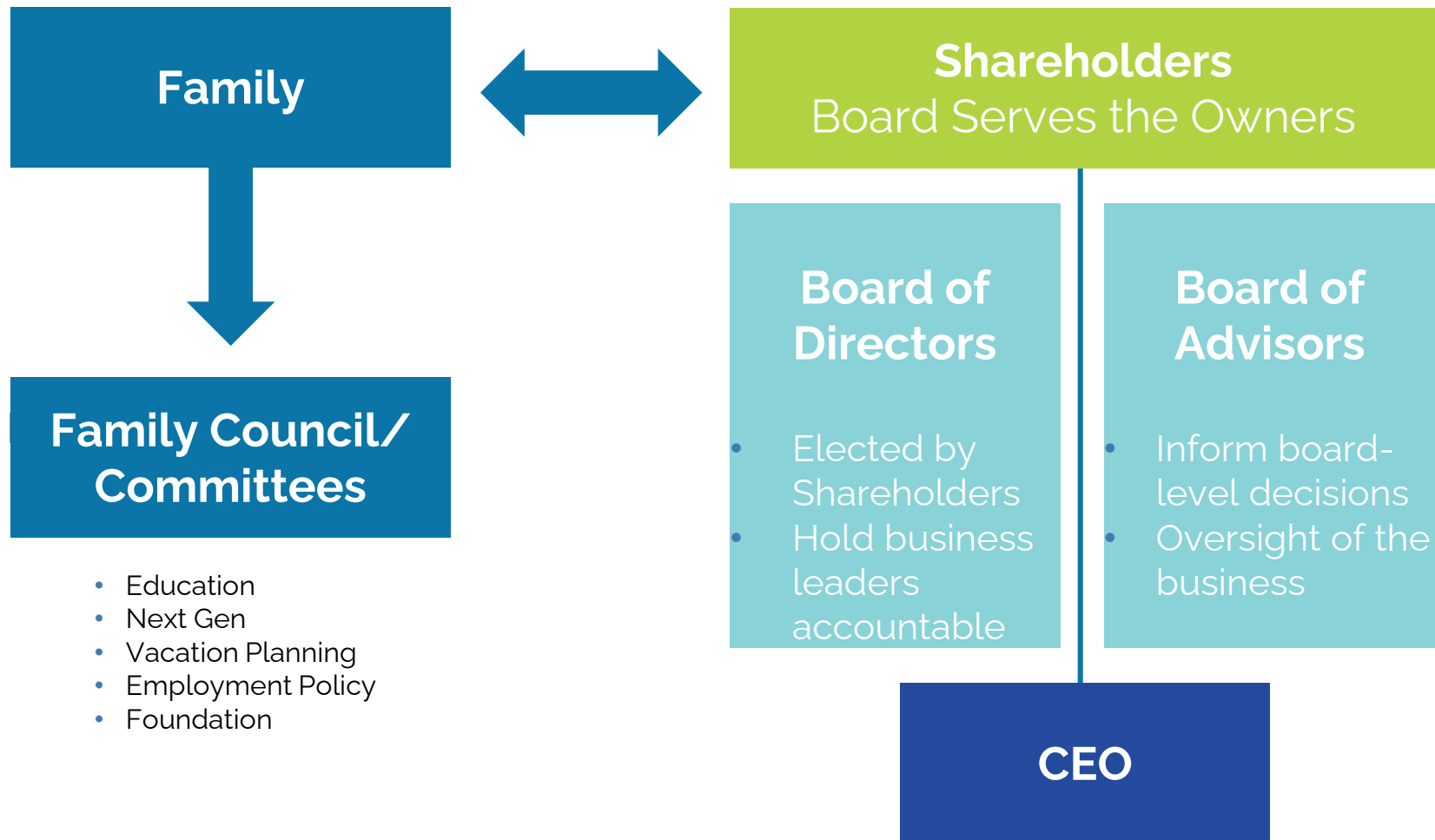


Family Business Governance

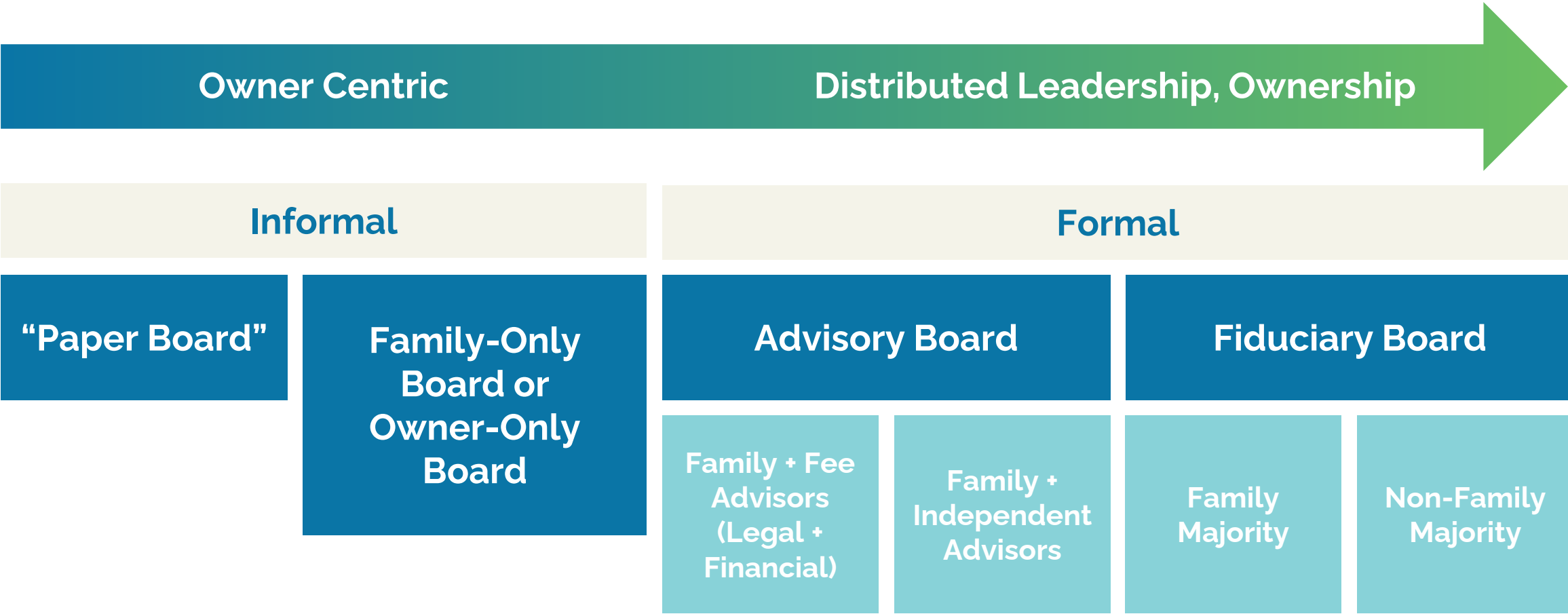
“Governance” refers to the ability to optimally manage and control the nature of the relationship between family members, shareholders, and managers in such a way that the enterprise prospers.



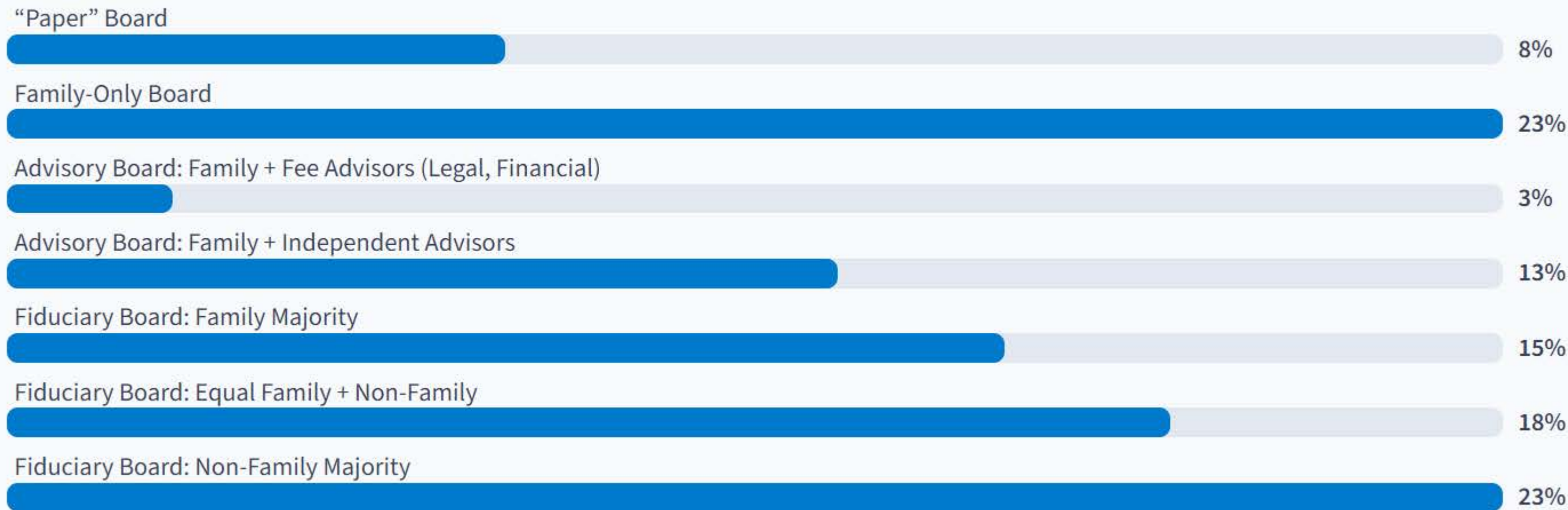
Types of Governance Structures



Corporate Governance Progression



What the Current Stage of Your Family Business Board?



Group Discussion

In your breakout groups, please share your name and role within your family enterprise (e.g., family member, owner, employee, etc.).

Then answer:

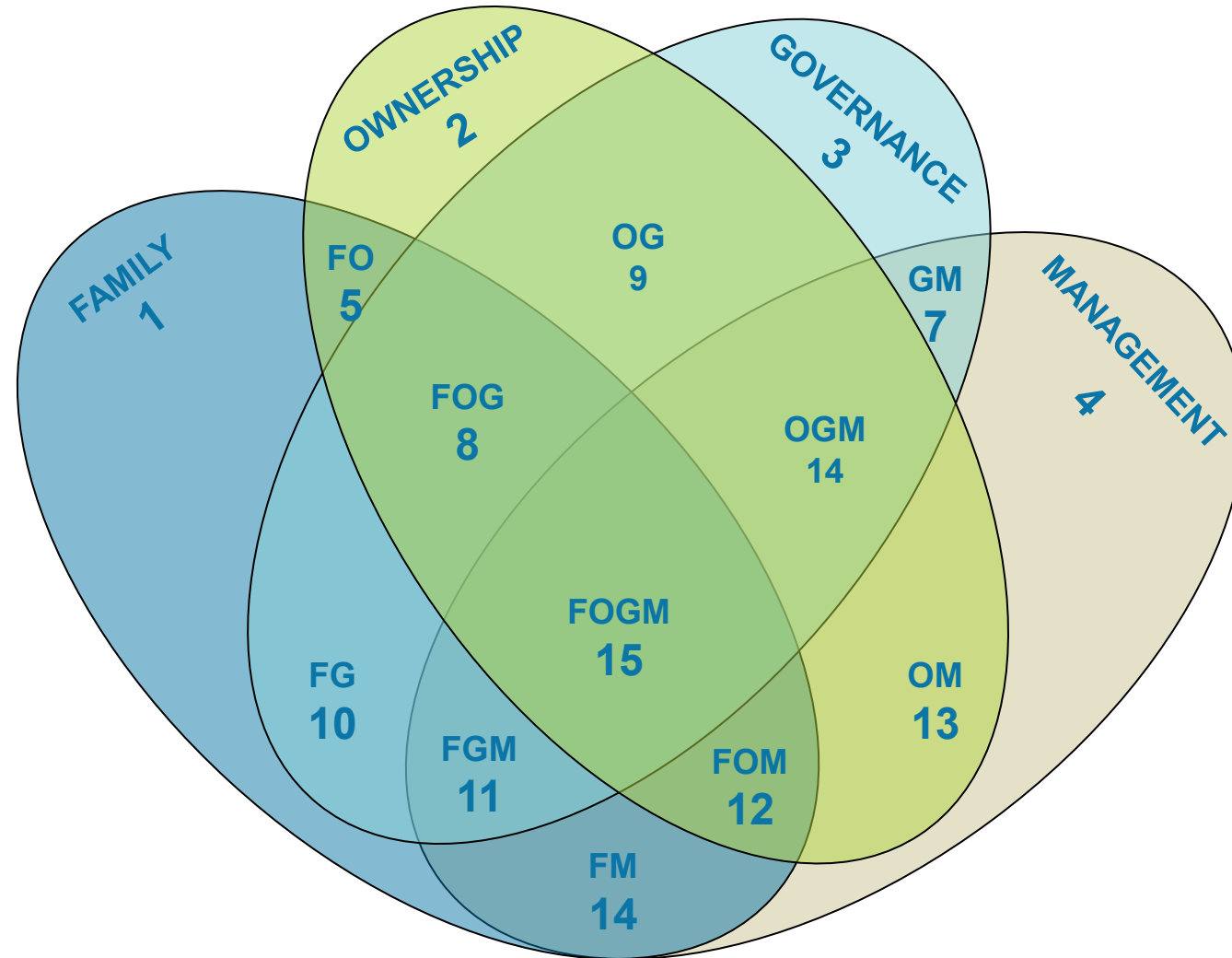
- What are you looking to get out of this program?
- What are you most interested in learning about?

Please assign one reporter per group to share with the main room following your discussion.

Attributes of a High-Functioning Board

- ✓ Delivers clear value to owners and leadership
- ✓ Understands its scope of authority
- ✓ Acts more strategic than tactical
- ✓ Evaluates the President & CEO
- ✓ Holds leadership and management accountable
- ✓ Plans for the succession of leadership and ownership
- ✓ Consists of both family and independent board members

The Multi-Roles Model©



Source: Karofsky & Karofsky, 2018

Your Decisions Vary by Your Role



Management



Ownership



Family



Governance

Family Enterprise Decision Making

D = Decide; I = Input

Decision	Family or Family Council	Owner	Board	Management Team
Family values, vision & mission	D	I		
Family communication	D			
Ownership criteria	I	D	I	
Board composition & Director election	I	D	I	
Ownership succession planning	I	D	I	
Distributions and Dividends		I	D	
Leadership succession planning			D	I
Sale or acquisition of core business unit			D	
Risk management policy			D	
Day to day operations				D