

Peer Group for North American Family Enterprise Chairs

Confidentiality, candor, and curiosity are at the heart of every meeting

The following shows details of the kinds of topics and the questions that chair peer group members address...

- **Family Enterprise Identity.** What possibilities do you see for the future of your enterprise? To what extent, if any, might direct investing be part of your family enterprise in the future? Considering that a family enterprise includes family members who decided they're better off investing, overseeing or working together than they are apart, to what extent and in what potential forms do you see your family enterprise prospering at least through the next generation, if at all? In what circumstances can an enterprise be considered a family enterprise: Family owners, family Board chair, family CEO? Family owners, non-family Board chair, minority family directors, non-family CEO? 100% ESOP, non-family Board chair, minority family directors, non-family CEO? Public company family controlled, family Board chair, majority independent directors, non-family CEO?
- **Owner direction to the Board.** What are the owner's differentiating vision and values and quantified expectations for business performance (growth, risk, profit, liquidity)? In what ways does achievement of these differentiate the enterprise from competition? To what extent has this owner direction been discussed and applied by the board?
- **Ownership Succession.** How are shares valued for purposes of sale or transfer to the company or other family members? What trust strategies for what benefits are you employing and to what extent do beneficial owners feel like owners? To what extent are shares gifted or purchased by NextGens and what is the impact? What is your dividend or shareholder distribution policy and the extent to which shareholders rely on them for savings or an important share of living expenses? How does the company and the family make a market for the sale of shares while protecting the company's ability to appropriately reinvest in itself for the future?
- **Ownership as an Investment.** If no NextGens aspires to be in the business or the NowGen doesn't allow the NextGen to work in the business, how can NextGens nevertheless be effective owners? What training do NextGens need and what are ways they can engage in training? What are productive roles for family members in family governance, ownership, on the board and in any other ways relating to the family enterprise? What are considerations and experiences relating to having a non-family Chairman and/or a non-family CEO? As the generations unfold, how can a mindset of personal responsibility be fostered and how can a feeling of entitlement be avoided? What can be the productive purpose, operation and funding of family and/or owner councils? What are some positive and challenging

experiences with family foundations, their missions, structures and impacts on families and communities?

- **Decision Responsibilities.** To what extent do you have a matrix that defines who (owners, board, leadership) has input, recommends or decides what issues opportunities? Or how do you decide this when it comes up?
- **Board Composition.** What is your process for identifying what skills and experiences are needed on the board to help support the envisioned future and any gaps now or anticipated? To what extent is there a different criteria for family and independent candidates for election to the board? How are family members developed to effectively contribute on the board or at least better understand the board's purpose and processes? What are your processes for self-evaluation and improvement?
- **Independent Director Role.** What are roles that independent directors are most suitable to play during and between board meetings? What board processes create the most value for owners, leaders and the board itself? What do independent directors find most valuable for their own development? Why do they join a family enterprise board?
- **Strategy.** Strategy is the responsibility of the CEO and their leadership team while the board is responsible for oversight. Why should the company compete in the proposed markets instead of others? How will the proposed strategy build and sustain the company's competitive advantage? To what extent will the strategy achieve owner goals for growth, risk, profits and liquidity? What are the processes by which the board can properly fulfill its strategy oversight role?
- **Risk Management.** How does or how can your board identify and track emerging risks and see that leadership effectively navigates them?
- **Board Committees.** To what extent do you delegate board work to board committees? What are the committees, how often do they meet, are the chairs independent directors and to what extent, if any are there committee members from outside the board?
- **Board Prep.** What amount of time do you expect directors to invest in reviewing the pre-read information? How does that match up with the amount of time you guess is actually spent? What is enough information and what is too much in your estimation? To what extent, if any does the CEO identify one or two high-level issues or opportunities in the pre-read and what they'd like from the board?
- **Managing the Board's Time.** How do you use the Board's time to create the most value for owners and leaders? How do you settle upon priorities and create the agenda for board meetings? In what ways do you encourage high-level, forward-looking interactive discussion focused on what's most important now and for the long run?
- **Interactive Board Discussion.** To what extent do you estimate that people in your board meetings feel free to share their candid feelings and observations regarding the real high-level issues and opportunities? How do you as chair bring out interactive conversation during

board meetings including different experiences and opinions? How much of the board's time is taken up by presentations that are or could have been in the pre-read at the expense of time for interactive discussion?

- **Board Evaluation.** What is the board's responsibility for self-evaluation? What are the ways that this responsibility is carried out on your board?
- **CEO Oversight.** What's the board's role in recruiting, electing, supporting and evaluating the CEO? How are these roles best carried out for the benefit of the enterprise and its future?
- **Engaging NextGens.** What are the ways you engage and inspire NextGens to be involved with each other in activities relating to the family enterprise? Describe valuable governance processes in which NextGens have the opportunity for involvement including family meetings, a family council, family committees, owner's meetings, an owner's council, owner committees, the board or board committees? Overall, in what ways are you engaging NextGens in the family enterprise and preparing them to be good owners, board members and / or leaders?
- **Non-Family Leaders.** Have you had effective non-family executive leaders in your business in the past? Picking the most effective, what were the circumstances of them joining the company, how did they build trust and rapport with family and non-family members and what were key positive elements relating to their development? What are some lessons-learned that will guide future recruitment and development of non-family leaders in your business?
- **Talent Development.** What are your current processes for executive talent identification, leadership development, performance evaluation, succession planning, and executive recruitment? What would you like your processes to be?