

Family Business Governance

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Main observations (1)

- Family businesses are increasingly recognized as important components of most economies yet only a minority of family business become multi-generational businesses
- Family members play a range of roles in the governance of their business and these interactions at multiple levels pose specific challenges and risks that if not addressed can undermine the longevity of a family business
- Governance of the family is a necessary, though not sufficient, condition for ensuring family harmony and promoting and overseeing the sustainable development of the family business by providing structure, processes and policies that can govern the interaction of the family members with the business in a fair and transparent way

Main observations (2)

- Good corporate governance is also a necessary, though not sufficient, condition for sustainable development of any business, including family businesses
- Strong, well balanced/qualified and preferably sufficiently independent boards of directors can contribute to the success and longevity of family businesses
- CEOs and senior executive teams with skills and experiences that are well matched to the requirements of their jobs, irrespective of their ties to the family, are a key ingredient for the success of family businesses and careful/early succession planning can positively influence the longevity of a family business
- Going public requires a family to “share” not only the ownership but also their rights and responsibilities in the governance of the family business with all the advantages and disadvantages this creates for the business and the family itself