

FAMILY GOVERNANCE: PUT IT IN WRITING

Family governance in the simplest terms is how a family organizes or comes together for decision making. As a family's wealth grows, typically so do the number of family members. Developing family governance is a process in and of itself because the best governance for a family is the one created by and agreed to by that family. A common industry phrase goes "*When you've seen one family office, you've seen one family office*" – this is because family units are inherently unique and therefore no two family offices are exactly alike. Consequently, no two family governance structures are exactly alike, nor should they be. That's primarily the reason why there is no existing family governance "template" that you can just cut and paste or slightly tailor similar to a will or trust document or a formation document for an entity like an LLC or partnership.

Nonetheless, there are common issues every family with significant shared wealth experience and recommended best practices that all family governance should include. We have the benefit of this knowledge from history and industry research. Understanding the family governance framework will help a family know what's right for them today with the ability to change it later as circumstances – and generations – change over time.

Successful family governance should embody purpose, policies, protocols/procedures, and practices. Still, even if you've defined all of this – it helps nobody when it's just in your own head. Unless it's *written*,

documented, and communicated to all family members and stakeholders, it's as good as no governance at all. As a framework, commit to putting the following in writing should it become a necessary component of your family governance structure:

- Agreements
 - Family Constitution (also Family Agreement or Family Charter)
 - Family Values Statement; Mission, Vision, and Purpose Statements
 - Code of Conduct; Meeting Norms
 - Shareholders Agreement
- Policies
 - Ownership
 - Investments
 - Employment
 - Distributions
 - Compensation
 - Board Membership
 - Education
 - Social Media
 - Use of Family Assets
 - Family Meetings
 - Family Capital for Entrepreneurship
 - Any type of policy made
- Plans
 - Succession Plan

- Estate Plan
- Entrepreneurship Plan
- Leadership Development Plan
- Education & Stewardship Plans
- Family Strategic Plan
- Communication Plan

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