CORE
CONCEPT

Family Business Governance: Family Constitution, Family Council and Family Charter

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Technical depth: Conceptual · **Practical mode:** Case study

Introduction

Family enterprises rarely fail for lack of commercial opportunity. They weaken when growing numbers of relatives hold shares, work in the business or expect a say, and no agreed rules decide who may join, how dividends are set or how disputes are settled. This Core Concept course equips owners and directors to design family governance that keeps the family united and the business well run, from the family assembly and council to a written family charter. Participants examine cases from several sectors and generations and leave with a Family Charter Framework for their own enterprise.

Course Objectives

- Diagnose the governance pressures in a family enterprise using the Three-Circle and developmental models
- Select family governance institutions proportionate to the family's size, generation and ownership complexity
- Define the content of a family charter, including values, family institutions, and ownership and employment policies
- Allocate decision rights among the family assembly, family council, board and management
- Judge the conflict-resolution and enforcement mechanisms that keep a charter effective over time
- Direct the preparation of a Family Charter Framework and its implementation roadmap

Target Audience

- Family shareholders and owners preparing to formalise family governance
- Chairs and board members of family-controlled companies
- Members of family councils and assemblies responsible for family decisions
- Senior executives leading family-owned groups
- Non-family executives and independent directors working alongside family owners
- Senior legal, financial and governance advisers serving business families

Course Outline

Day 1: The Family Enterprise System

- Three-Circle Model of Family, Ownership and Business
- Gersick Three-Dimensional Developmental Model: Ownership, Family and Business Axes
- Family Enterprise Stakeholder Map by Role and Circle
- Family Governance Risk Diagnostic: Conflict, Dilution and Entitlement
- Current-State Family Governance Self-Assessment

Day 2: Governance Frameworks for Family Enterprises

- IFC Family Business Governance Handbook: Governance Institutions by Stage
- IFC Corporate Governance Progression Matrix for Family or Founder-Owned Companies
- G20/OECD Principles of Corporate Governance 2023: Shareholder Rights and Board Responsibilities
- ISO 37000:2021 Governance Principles Applied to Family Firms
- Carlock and Ward Parallel Planning Process for Family and Business Strategy

Day 3: Building the Family Charter

- Family Charter Architecture: Vision, Values and Family Mission Statement
- Family Assembly and Family Council Terms of Reference
- Family Employment Policy: Entry, Remuneration and Exit Criteria
- Ownership Policies: Share Transfer, Pre-emption Rights and Dividend Policy
- Decision Rights Matrix Linking Family Council, Board and Management

Day 4: Conflict, Enforcement and Difficult Cases

- Conflict Resolution Mechanisms: Mediation Clauses and Escalation Ladder
- Thomas-Kilmann Conflict Mode Instrument in Family Disputes
- Charter Enforceability Through the Shareholders' Agreement and Articles of Association
- Governance Arrangements for In-Laws, Minority Branches and Inactive Shareholders
- Charter Review Cycle and Family Governance Effectiveness Evaluation

Day 5: Case Work and the Family Charter Framework

- Sibling Partnership Case Study: Stalled Dividend Dispute
- Cousin Consortium Case Study: Family Council Design for a Third Generation
- Family Charter Framework Drafting for an Own Family Enterprise
- Governance Structure Map and Implementation Roadmap
- Peer Advisory Panel and Charter Review

Skills You Will Gain

- Family Governance Design
- Ownership Policy Framing
- Decision Rights Allocation
- Family Conflict Resolution
- Governance Maturity Assessment
- Intergenerational Dialogue
- Shareholder Relations
- Charter Drafting Oversight

Why Attend This Course

- Return with a Family Charter Framework that the family can discuss, refine and adopt
- Set clear rules on family employment, share transfers and dividends before disagreements arise
- Recognise the early signs of family conflict and know which governance mechanism addresses each
- Learn how other business families across sectors and countries have organised their governance

Conclusion

A family enterprise lasts across generations when the family agrees how it will own, govern and work in the business. This course moves from diagnosing the family, ownership and business system, through the international governance frameworks and planning models, to the institutions and policies that make up a family charter and the mechanisms that keep it working when disagreements arise. The final day turns that material into a Family Charter Framework and roadmap that participants take back to their family for discussion and adoption.