

The Family Council ¹

The family council is the body that represents the family in business. The members of the family council can specifically discuss the issues related to the coexistence of the family and the business. Several [subjects](#) can be approached, such as: the *policies of hiring family members* into the company (e.g., remuneration, employment conditions, expectations, promotions, etc.), the *family's vision of the company and its mission*, the *succession of the company*, and the *policy regarding the shares held by the family members*. Clearly it is not a question of the family making decisions regarding how to run the company. However, discussing subjects that concern the company help inform the family members and could help the owner-manager of the company when it comes time to make his decision.

The family council also plays a role in monitoring the determination of the financial needs of its members and the establishment of guidelines for the company and the family's responsibility toward these needs. It is the ideal structure for communicating with the family members and seeing to their training in terms of the different issues a family company faces, such as financial issues.

Who makes up the family council raises some questions. The members of the council should represent the various stakeholders. Since the family business affects all the members of the family, even if they do not work in it, it is logical to give these people the right to be heard. This measure will contribute to maintaining harmony within the family.

Even if the family council is too formal a structure in the eyes of many, its advantages lie in *assuring certain topics will be known to everyone and that its members will have the opportunity to express their opinions*, which helps with accepting the rules set in place to manage the interaction between the family and the business.

1. Source: St-Cyr, Louise and Richer, Francine. "Préparer la relève. Neuf études de cas sur l'entreprise au Québec", *Les Presses de l'Université de Montréal, Collection Paramètres*, 2003.

A few items on the family council agenda

1. Establish a family policy on the following points:

- Employing family members in the company
- Remunerating family members
- Hiring and employment conditions for managers who are not members of the family
- Transferring share ownership
- How to help family members in need
- Policy for the transfer of management

2. Establish the family's vision and mission:

- Establish the family's philosophy for being "a family in business"
- Establish the importance of the family's vision within the company

3. Establish a policy for share ownership within the family:

- Establish the rights and responsibilities of ownership
- Adopt policies on capital allocation, including dividends and reinvestment
- Monitor everyone's interests
- Determine the character and level of risk for investments
- Define the role of the family in the transfer

4. Ensure the family members are instructed and informed

- Effectively communicate and share information
- Pass on the traditions, culture, and values of the company and the family
- Establish the civic, political, and philanthropic roles of the family and the company
- Take advantage of occasions to have fun as a family