

A photograph of a man carrying a child on his shoulders, standing in a field of tall grass at sunset. The sky is filled with warm, golden light and scattered clouds. The man is wearing a plaid shirt and a hat, and the child is wearing a red shirt. The overall mood is peaceful and nostalgic.

THE PROBLEM WITH FAMILY CONSTITUTIONS - FAMILY DYNAMICS AND IMPLEMENTING EFFECTIVE GOVERNANCE

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OVERVIEW



WHAT IS
FAMILY GOVERNANCE



HOW DOES IT RELATE TO
TRUSTS



THE PROBLEM WITH
CONSTITUTIONS



APPLYING EFFECTIVE
GOVERNANCE

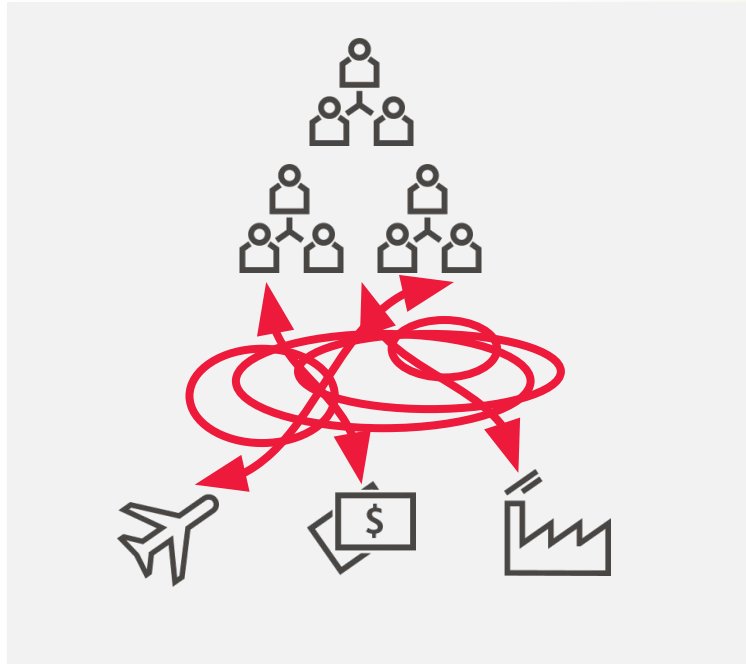


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THE FAMILY CONTEXT

Shared assets



Lots of assets / large family

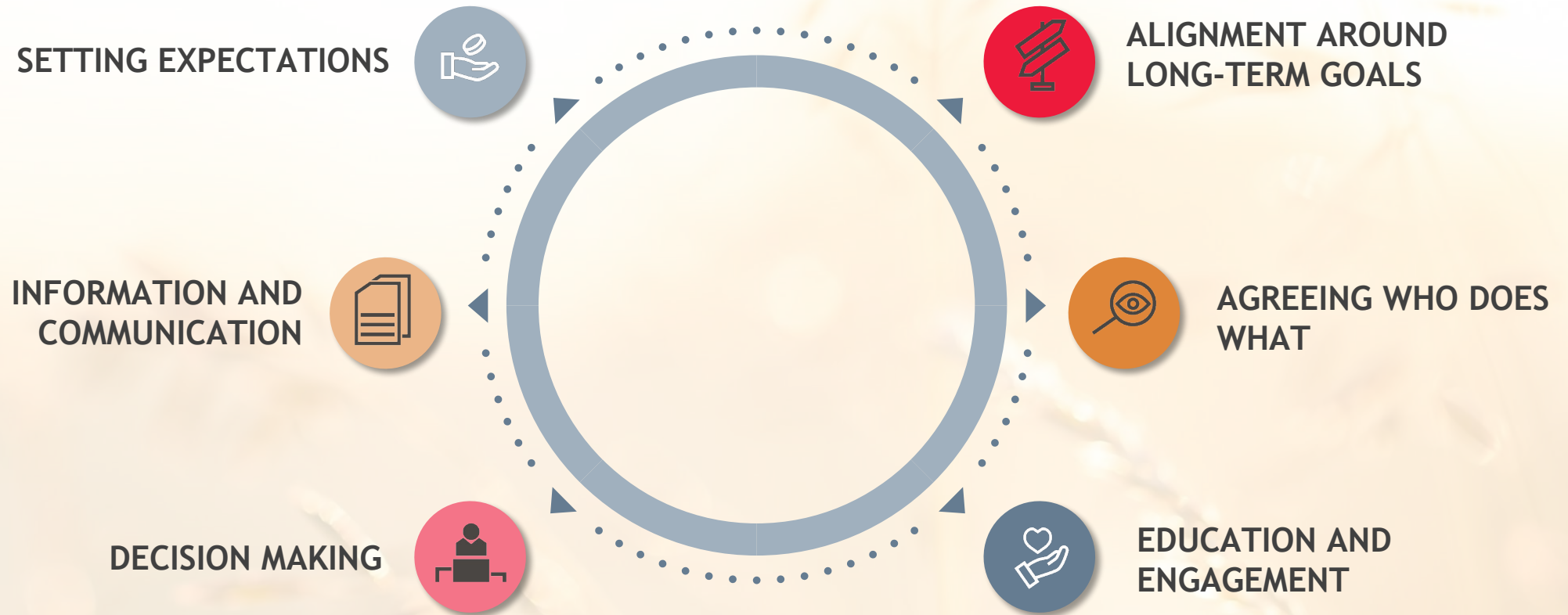
People wearing multiple hats

Transitions between generations



THE ROLE OF GOVERNANCE

Navigating family dynamics



WHAT IF THERE IS A TRUST?

Governance



GOVERNANCE AND TRUSTS

Most relevant where:

- Large, disparate group of beneficiaries
- Complex assets
- Some but not all beneficiaries actively involved



THE PROBLEMS WITH CONSTITUTIONS

LIMITED FAMILY PARTICIPATES

CHASING BEST PRACTICE

CULTURE MIS-MATCH

NOT KEPT UP TO DATE



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THE BENEFITS OF DUE PROCESS



GOVERNANCE IN ACTION

Structures and processes

Family constitution

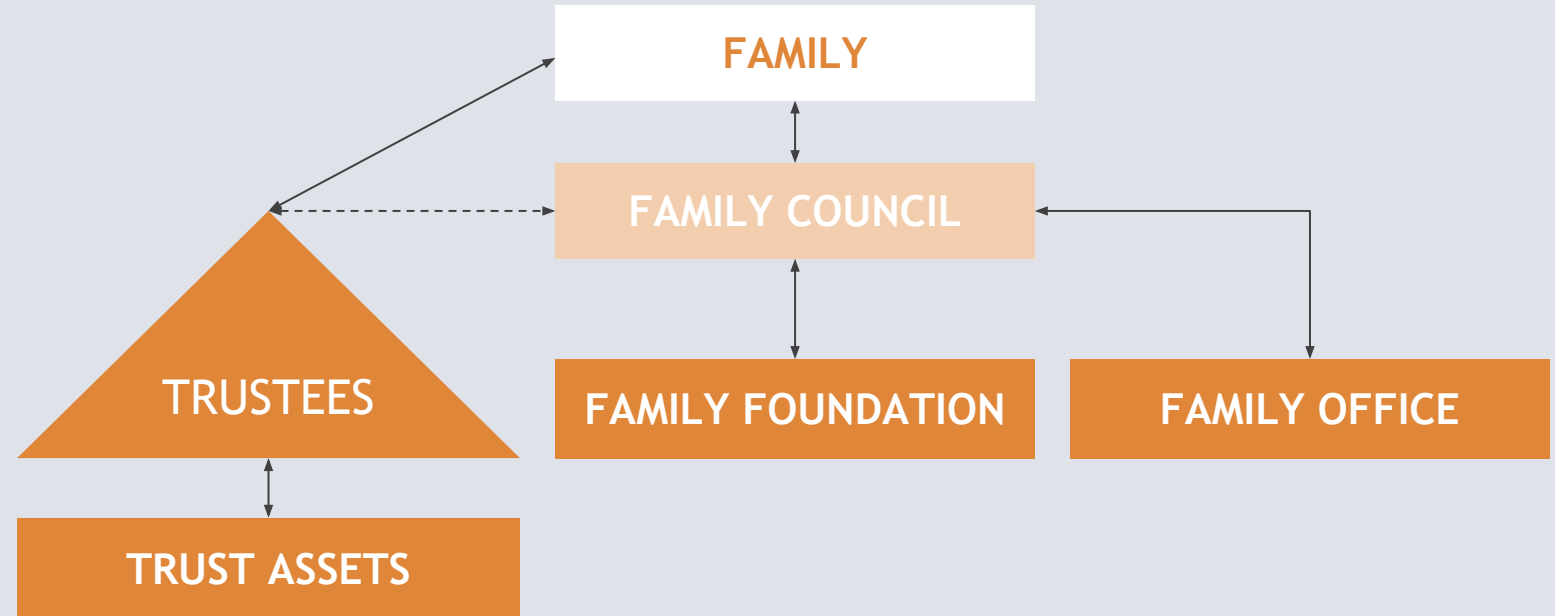
- ▶ Family vision and values
- ▶ Role of family assets in achieving vision
- ▶ When and how family can be involved
- ▶ Information and communication practices
- ▶ Managing disputes

Letter of wishes

Decision matrix

Letter of wishes

Charter for family council



PUTTING ALL THE PIECES TOGETHER

What might good look like?



- ✓ An understanding of the family's shared vision, values and priorities.
- ✓ Setting appropriate expectations where possible
- ✓ Clarity around who should be involved in what, creating forums where necessary.
- ✓ Agreed-upon approaches to family decision-making, communication and conflict management.
- ✓ Policies and procedures to provide further detail in important areas.
- ✓ Everything documented for reference.



A GOVERNANCE HEALTH-CHECK FOR EXISTING STRUCTURES

Overarching purpose

- ▶ Is there a family charter or letter of wishes?
- ▶ Is it still relevant?
- ▶ Does it provide sufficient guidance on key areas?

Beneficiaries

- ▶ Do you know the beneficiaries' expectations?
- ▶ How aligned are they?
- ▶ How well informed do they feel?
- ▶ Are they engaged?

Assets

- ▶ Are some beneficiaries involved at an asset-level?
- ▶ What are the compensation arrangements?
- ▶ Are roles and boundaries clear?

FAMILY GOVERNANCE CONSULTING

How we can help

WHAT ARE THE RESULTS?

- A more aligned family, with clear direction and agreement on key principles relating to shared assets and financial expectations
- Relevant governance structures (such as a family council) identified and scoped
- Decision making and information sharing protocols agreed between family and in relation to others eg business boards or trustees
- Boundaries established such as who counts as family or if it is ok to employ family members
- A written document (known as a family rulebook, constitution or charter) setting out the above.

WHAT DOES THE PROCESS INVOLVE?

- Understanding the family and their businesses / assets / trusts
- Questionnaires/interviews to get individual perspectives
- Identifying areas of alignment and differences
- Family meeting(s) to agree guiding principles for the family, their businesses and wider wealth followed by some of the more practical details (involving trustees as appropriate)
- Preparing and agreeing a document for the family (and trustees) as a record of what has been agreed
- An implementation plan for any follow-up required

WHAT IS IT?

Helping families with shared assets (and trustees) align their purpose, create a vision for the future and agree a framework to help bring this to life including communicating, decision making, information sharing and expected financial returns.

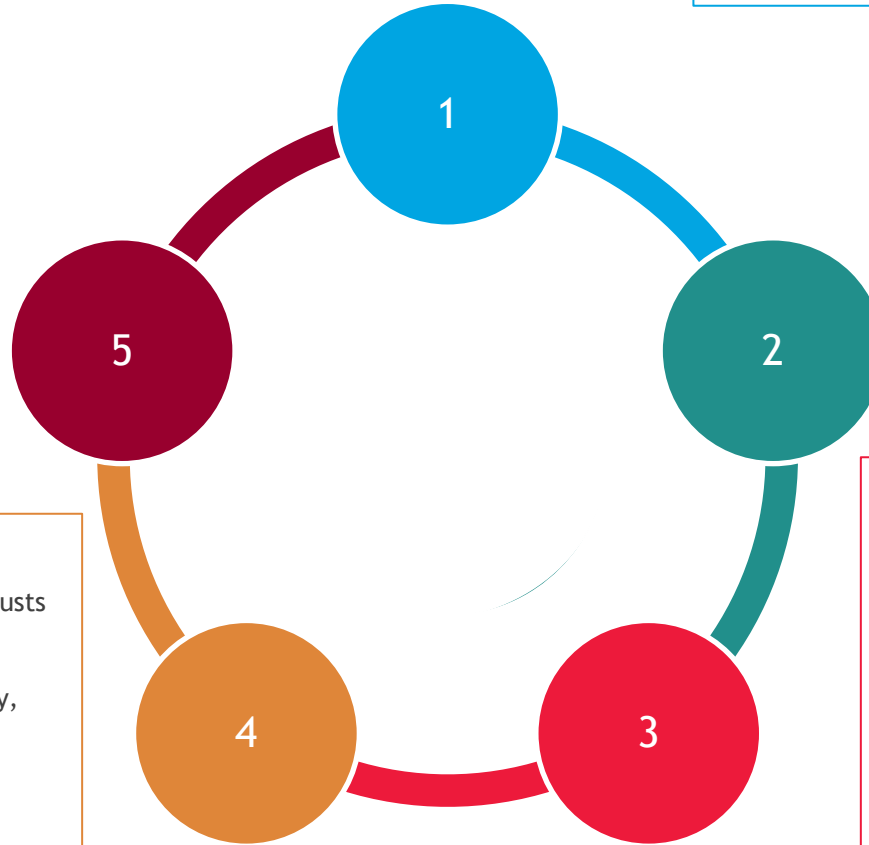
WHO IS IT FOR?

- Family Businesses
- Enterprising families with a portfolio of business investments
- Individuals making plans to transfer significant wealth to their family
- Family offices
- Trustees of family trusts

WHAT MIGHT IT COVER?

Using our consulting framework, we tailor our approach to the needs of each family (and trustees) but typical elements include:

- The family's values and guiding principles
- The hopes and aspirations of individuals
- Shared family goals and ambitions
- Individual roles and responsibilities
- How will information be shared
- Who decides what and how
- What can they expect, what might the limits be and what is expected of them in return



SPEAKER BIO



CATHERINE GRUM

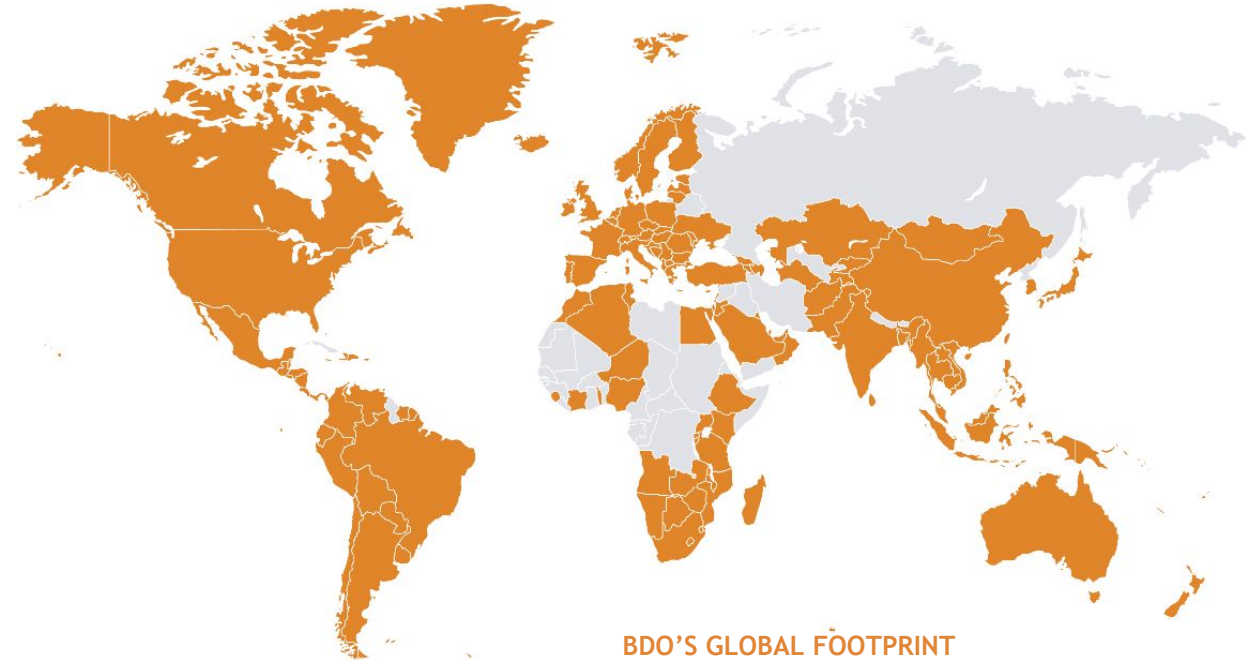
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Helping enterprising families continue their success

- ▶ Catherine is head of Family Office Services at BDO. She advises families and family offices around family office establishment, strategy, family governance and succession.
- ▶ She believes that when families understand their values and the purpose of their wealth, they can build on much stronger foundations and, by aligning their structures and activities with this, create sustainable long-term solutions.
- ▶ She has worked with family offices for nearly 20 years, gaining a unique perspective from the combination of roles she has held. This has included heading a private office and sitting on the board of three international trust companies (Salamanca Group) and coordinating wealth structuring with investment management (Barclays Wealth). This all built on her training as a private client lawyer at Allen & Overy.
- ▶ Recognized as a thought-leader in the family office industry, Catherine has been named as one of EPrivate Client's 50 Most Influential, one of Family Capital's Top 100 Family Influencers and in the Private Client Global Elite. She has written, spoken and been interviewed on topics ranging from the experience of sudden wealth and next generation planning to the latest trends in the family offices and the new concept of a founder's office.
- ▶ Catherine has an MA in Jurisprudence from Oxford University, is a Trust & Estates Practitioner (STEP) and Certificated Family Business Adviser



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