

# Family enterprise governance

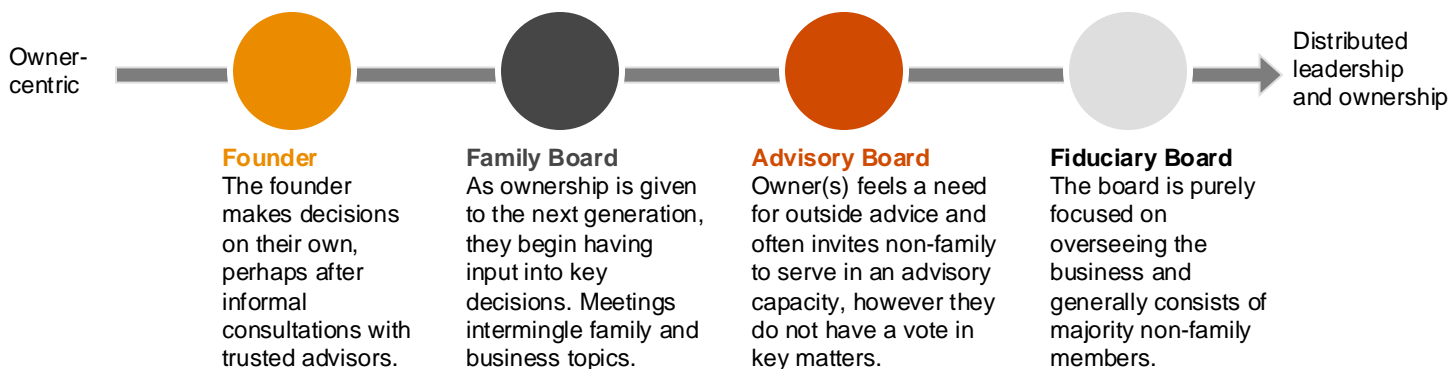
Perpetuating the family business through good governance



Increased transparency and well-defined processes and policies supporting governance can help the family and the board determine whether the business is being governed according to shareholder expectations as well as applicable laws and regulations.

As a family business grows in size and complexity, its success can raise formidable challenges in areas of governance. Creating more formal processes usually requires greater rigor in business decision-making but can also help successfully navigate today's ever-changing—and increasingly competitive—business world. We have seen numerous family businesses that benefited greatly from evolving their governance model along the continuum below—especially when anticipating a generational transition or other significant transformation.

Ultimately, the family decides where it wants to go in this evolution. In assessing your board governance practices, PwC can help explore the following questions, and more: What does good governance look like? How should the board's role and its responsibilities evolve? What does the board need to know now? What should the board focus on in the future? How can the board better align with its peers?



## Our approach

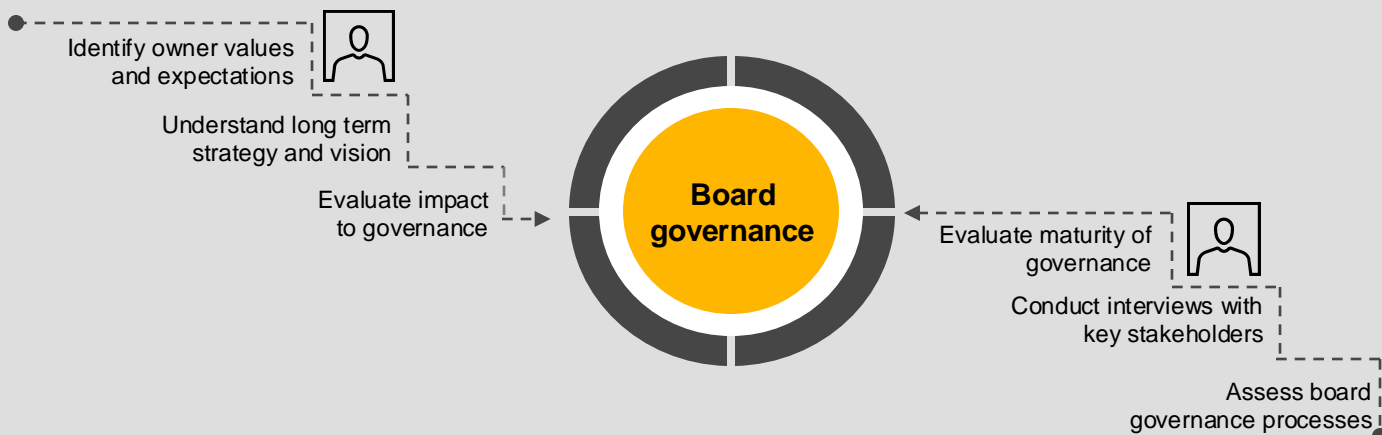
PwC combines a family enterprise approach with a traditional approach to provide a thorough review of board governance.

### Family enterprise approach

A “Top-down” approach where governance is driven by ownership objectives linked to the strategy and vision for the family enterprise.

### Traditional approach

Traditional “bottom-up” approach is based on board and management interviews and analysis of board governance practices.



### Oversight and structure

- Governance framework, including family and business governance structures
- Board roles and responsibilities (oversight and authority)
- Director and officer roles and responsibilities, expectations
- Standing board committees, scope of work and charters

### Composition and recruitment

- Board qualifications/eligibility
- Board independence
- Board size and diversity
- Board skills and experience
- Board tenure
- Board composition evaluation
- Board recruitment and selection

## PwC's Board Governance Framework

### Process and operations

- Board policies, procedures, processes
- Board agendas and meetings
- Board reporting
- Board minutes
- Communication with family governing bodies
- Interaction between board and management
- Board and committee performance evaluations

### Training and development

- Director orientation
- Director competency/development
- Ongoing training
- Succession and continuity planning

## How we have helped others



### Challenge

A family business was seeking an independent review and assessment of their governance structures and practices to support their family business strategy and growth plans. Additionally, they were looking for actionable recommendations related to their board and committee processes and tools to confirm they were consistent with leading practices.



### Approach

PwC conducted a document review and stakeholder interviews to gain a clear understanding of current governance practices, as well as what the owners, board and management felt they needed for the future. We compared their governance practices to similar organizations and identified gaps and opportunities with the goal of supporting the growth and evolution of the family business.



### Result

The family business obtained a good understanding of its areas for enhancement in order to drive them closer to leading practices and support their priorities for the future. PwC helped them create relevant governance documentation to support the implementation of key recommendations and improve their board practices.



Learn more at:

[pwc.com/us/familyenterprises/governance](https://pwc.com/us/familyenterprises/governance)

For detailed resources on professionalizing your family business board, assessing your board composition and the role of independent directors, board matching, transitioning your board for the next generation and more.

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