

# DRAFTING A FAMILY COUNCIL CHARTER

## Outline

### Principal Sections and Key Points

*The amount of formal organization that is useful for a family depends on the size of the shareholder group and the complexity of the enterprise. A Charter should define the common purposes that family owners share, the purposes of the council and have guidelines sufficient to keep meetings focused and productive. A typical Charter contains the following sections:*

#### **I. Purposes**

- a.) Purpose of the Family Council
- b.) Who the Charter is for
- c.) Purpose and Scope of this Charter

#### **II. Mission of the Family as Business Owners**

#### **III. Guiding Values of the Family as Owners**

#### **IV. Role of the Council in Our System of Governance**

- a.) The Council's Relationship to the Board of Directors
- b.) The Council in Relation to the Shareholders

#### **V. Council Decision Making**

- Types of Council decisions
- Methods and procedure of voting

#### **VI. Council Membership**

- a.) Members of the Council (who is a qualified member?)
- b.) Expectations and Responsibilities of Voting Members
- c.) Election of Council Members

#### **VII. Procedures**

- a.) Meetings – frequency, quorum, budget
- b.) Council Leadership
- c.) Minutes
- d.) Method for adopting and amending this Charter

#### **VIII. Policies of the Family Owners (optional as needed)**

- a.) Family member employment policy
- b.) Conflict resolution policy (e.g., use of the Council as forum to discuss and resolve owner conflicts and build consensus, agreement to use outside mediator if needed.)
- c.) Confidentiality policy