

**Okeili&co.**  
Pragmatic Advisors

# The Region's Leading Advisor on Family Business

**The Prominence of Family Firm Governance  
in Fostering Continuity**



September 22, 2011

**FOR INFORMATION PURPOSES ONLY AND NOT FOR FURTHER DISTRIBUTION**  
These materials may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with Okeili&co.

Okeili & Co.  
Pragmatic Advisors

Family Business Governance, a subject which most family business owners remain reluctant to address, plays a profound role in fostering the continuity of the family business.

Most family businesses, especially in the early to growth years, dress on the physiognomies of the family member founder. Although this entrepreneurial model has proven its utter success, as the family grows by size and transitions from one generation to another, several dilemmas pertaining to the role, control, decision making process, leadership, and wealth management arise among the family members. Such predicaments eventually leads to loss of transparency, absence of accountability, family conflicts and abuse of leadership, thus distorting and potentially inflicting harm on the family business performance.

What are the underlying components?

Family Firm Governance entails three key components:

- **Family Philosophy:** At the outset, the Family Philosophy builds on the history and traditions of the family to establish a common vision, mission and core values of the family, as well as putting in place a code of conduct and some society interaction guidelines
- **Ownership Governance:** The second component establishes the ownership (bloodline or spouses) and return on investment guidelines, in addition to defining the relationship between the family and the business through

- **establishing the board.** This entails defining the role of the board, its composition, communication between the board and owners as well as board remuneration and incentives
- **Family Governance:** The third and final component in addition to defining the institutions of the family and regulating the family members' employment with the business, provide the family members with a vehicle to entertain family initiatives and resolve conflicts arising between the family members. Such initiatives normally polarize from family wealth development & management to philanthropy, with other educational and infotainment schemes in between.

As eliminating family conflicts is almost impossible, the main goal of the Family Firm Governance is to help the family make better and more informed decisions through managing the potential of such conflicts.

How can Okeili & Co. help?

As Family Business Experts, Okeili & Co. professional team engages the required change efforts to inaugurate the above components in a rapidly growing family business, without distorting the growth factor. Our change management approach follows the "Tell me and I Forget, Teach me and I Remember, Involve me and I learn" (Benjamin Franklin), thus involving most of the family members to ensure the emotional inheritance, the blend of values, stories, life lessons, and family traditions that comprise the family, are passed down across the multiple generations.



Okeili&co.  
Pragmatic Advisors

**Preserving  
The Family  
Business  
Legacy**

For more information on Okeili&co Next-Generation advisory efforts, please write us to [engage@okeili.com](mailto:engage@okeili.com)

The Region's Leading Advisor on Family Business