

Advisory Boards – An Answer to Family Baggage in Family Business

What makes family business unique is the additional dynamic of family working together. Even in the most functional environments, working with family can bring additional issues and stressors into the workplace. Decisions aren't just about what is best for the business, but also how either one or more families will be affected. One way to alleviate some of those pressures is by creating a business advisory board.

A business advisory board can be a great resource for upper management to help them make the best decisions for their company. An advisory board is different from a corporate board as they have no financial responsibility and their advice is non-binding. When creating a board, you want people who can give you good advice, understand your goals and objectives and play devil's advocate.

It is important to identify what you want to accomplish with this board. If it is project-specific, that will require different individuals than a general company board. You may also want to represent the different departments of your company in the makeup of your board. Also consider how often you will meet as some boards meet quarterly, others monthly and some just once a year.

Next, identify the people you want on your board. It will be important to have some, if not all, individuals with experience in family business. It is important the board can go beyond the day-to-day and separate what is a family issue and what is a business issue. That

perspective can be exactly what is needed to help manage issues as they arise.

Be sure each board member and family member understands the role and responsibility of the board. It is vital the family understands the role of the board and why they are necessary. In addition, you want expectations to be clear at the beginning so you aren't trying to define things down the line.

Once you have the board established, be sure to keep them in the loop on what's going on in your company. Regular communication with news of the successes and challenges can help guide the meeting agenda and keep board members engaged.

In any family business there will be challenges that need to be addressed. Asking family members to give advice and suggestions can be helpful, but it can also come with additional challenges. An advisory board can give you the perspective you need without the added pressure of talking about it over the dinner table.



- Mark Dorman, CLU®, ChFC®, CFBS