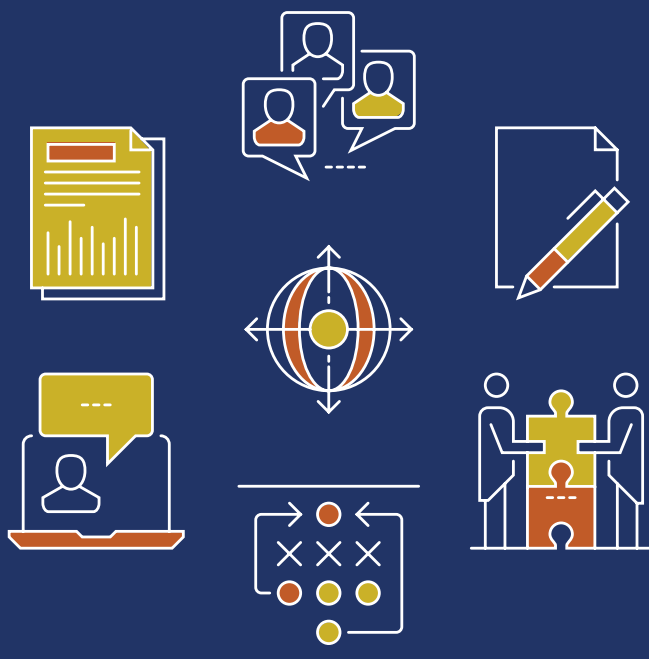




FAMILY BUSINESS
CENTRAL

KEY FAMILY AGREEMENTS

How to use this key family agreement document:



- This should be done with the whole family (in the room and/or on Zoom).
- Have as many of the kids in the room as well - this is critical learning for them that they will remember for the rest of their lives.
- It will take some time to complete the entire Agreement - prioritise the important areas and do these first.
- Write all your decisions down!! This is critically important.
- Open, honest discussion and debate is essential. Remember you are family - these are the most important people to you in the world - listen to them, be kind, be honest, be frank and know they love you to the ends of the world.
- As much as possible you want everyone in the family to agree to all decisions - if you can't agree find smaller steps to try out first to see if the idea is going to work.
- Being 'nice' or 'reserved' does not always help - if you have an opinion or an idea, you must tell the family about it - they may not agree but you need to put it out there.
- Listen, listen, listen, and then ask lots of questions - then listen some more.

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Please note: There's a lot of information in this document, so if you have any questions or need clarification on anything, please get in touch!

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FAMILY BUSINESS



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Family business

As a family business you:

- Are the engine room of the economy
- Last longer than other businesses
- Punch way above your weight in terms of success and long-term growth
- Provide between 50-70% of employment in the country
- Are the seedbeds of innovation in the business world
- Can change and pivot faster than most businesses
- Have multiple perspectives and a huge range of experience and knowledge available that normal businesses don't have

Why do this? Why set up a family agreement?

Yes, all the above points are true. However, you have to manage a number of challenges that include:

- Work at it - this does not happen by accident.
- There is always a level of conflict in family businesses. In these times with all the stress and uncertainty there is the potential for it to blow up - you need to actively manage this. Remember the [Christmas Dinner Rule!](#)
- If you don't have a Family Constitution/Charter this Key Family Agreement will see you through till you have the time to do it. If you do have one - use some of the information in your Family Charter to fill in some of the parts of this Family Agreement.
- In your family there are huge amounts of talent, ideas, skills, knowledge, and connections - this Family Agreement helps you to identify and tap into this great font.
- Conflict: You just do not have the luxury of having large, knock 'em down, drag 'em out fights with each other. So as a family, work out how you are going to manage conflict and stress - see page 8 (please check the page number) for some tips.
- Stress: There are stressful times and family is often the ones we take it out on - you need to actively manage this stress so that no one gets an undeserved 'bucket of s**t' tossed over them!

Developing your family agreement

To make this as easy a process as possible, we've defined seven areas or categories that all family businesses need to discuss and ultimately, agree on. Remember, you can start anywhere (some aspects you may have already done some work on, so the discussion may be shorter and be more of a summary).

However, we suggest starting with our first category, "The Business of Family" as this is often the easiest to discuss and reach agreement on – it can also be very interesting for the younger generation who may not be fully aware of the full family history. It's also a great way to reinforce your core family values.

Our seven categories are:

1. The **Business of Family** – Who are we, what do we do, and why?
2. What are our **Business Strategies** – both short and long term?
3. How we will **Manage and Resolve Conflict** within the family
4. How we protect the **Core Family Assets**
5. How we **Innovate** and tap into the family genius
6. Setting up and using your **Board** -Advisory/Formal or Instant?
7. **Leadership** in the family business – How to define various leadership roles

Once you've decided where you want to start, we suggest setting a date for your first meeting and sending out the list of questions for that category to everyone who will be at the meeting. These questions will then act as your meeting agenda and help you manage the discussion productively. ~

So, let's get started!

Remember, should you need any help, advice or assistance, we're only a phone call or email away – please contact:

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1. The business of family – who are we, what do we do, what is our history that we can learn from?

1.1 Who are the core members of our family?

- Who is in our family that can help support us with ideas, time, creativity, experience, contacts?

1.2 Family values and strengths

- What are the core values and strengths that we have in our family that hold us together, guide us in making decisions and allow us to take on new things that others just can't do?



1.3 Lessons from our family history

- Through our family history both in and out of business, what are the key things that we can learn from our history and apply today in our business and family?

- What are the lessons that we can take from what previous generations did in the past?

- How did they innovate when they needed to - when business conditions changed?

- How did they cope with sudden changes in business conditions?

2. What Is Our Business Strategy

2.1 What is our short-term business strategy?

Brainstorm:

- What are our strengths?

- What are the opportunities?

- How can we change and pivot in what we do?

- Who do we need in the family at this time?



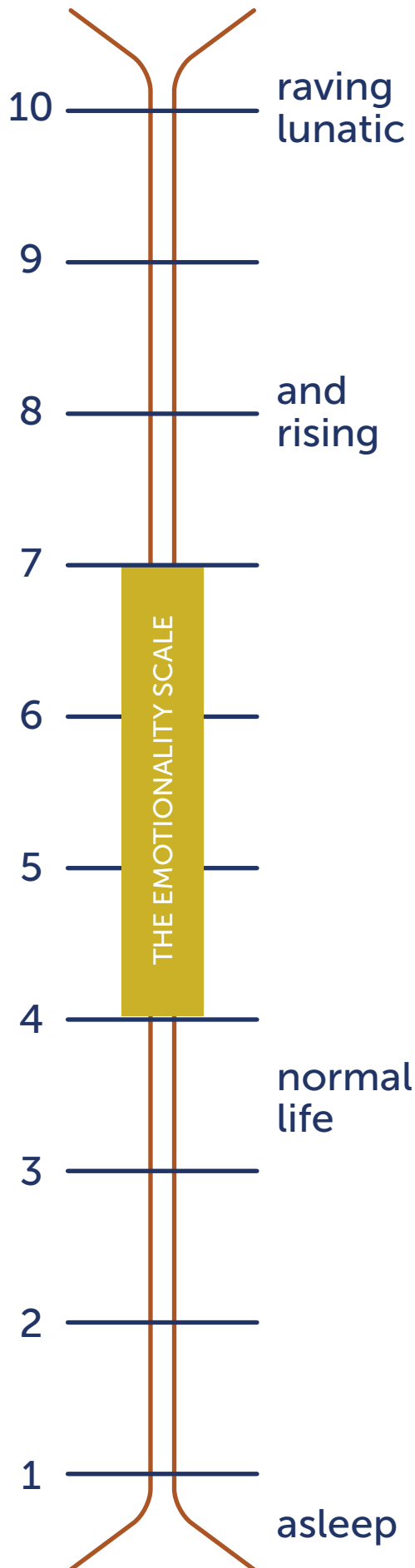
2.2 What is our short-term business strategy? *(Cont.)*

- What is our strategy for the business for the next 3-6 months?

- What are our cash reserves like?

- What are our liabilities and how do we reduce/manage them?

- What do we need to communicate to our key stakeholders: i.e. Our Customers? Our Bank? Our Accountant (or Business Advisor)? Our Staff? Our Suppliers? Our Neighbours? The Community?



3. How we manage and resolve conflict within the family

Managing conflict within the family

This will probably be one of the most challenging categories, yet it can also be the most useful. You will need to write down the specific agreements to manage conflict and disagreements in the family if/when it happens.

These need to be specific to particular people; what they will do or say or not do or not say.

The aim of this discussion is to develop some tactics now (when there is no conflict) so that these can be used when emotions start to run high.

Following are a few suggestions for managing conflict in family businesses. We also have a great deal more, so please get in touch and we can walk you through.

3.1 Managing emotions in the family – using the emotionality scale

Emotions in families, particularly at this time, need to be managed carefully.

We talk about the Emotionality Scale. The Emotionality Scale is from 1 through to 10. 1 is when we are sound asleep and 10 is when we turn into a raving lunatic!

Most of the time we are operating at around 3-4. The problem occurs when the Emotionality Scale starts moving up to a 7 or an 8.

In a family business we need to monitor just where we and others are on the Emotionality Scale. If we see it rising in either ourselves or others, then we need to take active steps to manage it. In these stressful times, the chances of the Emotionality Scale going up is high. This needs to be actively managed by the whole family. If you need further information or assistance in how to manage the Emotionality Scale, please get in touch with us for further information.

3.2 Be aware and be kind

Everyone needs to be aware of their own Emotionality Scale and when it is starting to rise. The phrase “Be Kind” is appropriate here, as there is a lot of stress, we are all working hard and we are all concerned to make sure we get through. If you feel your Emotionality Scale is rising, do the simple things like:

- Go for a walk
- Take 10 very deep breaths
- Remind yourself that you do love them and that they are only trying to do their best
- Think before blurting out what you really want to say - silence is preferable!
- Stop the conversation for the time being and come back to it later
- At the very least, have a 30-minute break so that everyone can calm down

3.3 Predictive dialogue — how to divert predictable conflict

**To be discussed and agreed upon when everyone is calm
- you may need a bigger piece of paper!**

Everyone in the family knows each other incredibly well and it is easy to predict who is going to have an argument with whom and in what situations or contexts. It’s like a well-worn pattern that both people get stuck in with everyone knowing how it is going to end.

So as a family discuss:

1. Who is going to argue or fight with whom?

2. What are they likely to argue over?

3. What are going to be the triggers?

Once you have this information and everyone agrees, the next thing is to talk about these triggers, how you can spot them early and how you can divert them to another type of conversation rather than the old predictable one, with its predictable outcomes. So, the discussion to have in the family between people with predictable conflict patterns is:

What is each person prepared to do when the triggers are first seen and the unhelpful pattern is starting to kick in?

This can include, anything from:

- just stopping talking,
- agreeing to have the conversation later,
- acknowledging that the pattern is starting and agreeing to talk a different way
- giving each other a hug,
- or, both going for a quick walk to discuss it, etc.

It does not matter so much what each of you agree to, as long as it is different from what you normally do. For example, we know one family that as a result of their discussion on how to manage conflict, agreed that when anyone in the family saw or heard one of the 'triggers' they would introduce the word "tomatoes" into the conversation. Immediately the family heard someone say "tomatoes", there was a bit of a giggle, the other, (probably "guilty" person) would say something like "OK, I've done it again" or "OK, I'm guilty, I shouldn't have said that" – emotions immediately slid down the Emotionality Scale and a rational, logical discussion over the issue started. Brilliant! ~

4. How we protect the core family assets

4.1 Protection of core family assets

- Is there anything that needs to be done to protect the core family assets in the coming months? If so, what?

4.2 Family/business risk/debt tolerance

- Are there specific levels of debt that the family is agreed we will not go past?

- Are there specific issues around risk that all the family agrees we will not go past?

- Is there a specific debt/equity ratio that the family will not go exceed?

5. How we innovate and tap into the family genius

5.1 Innovation and the family

This is where you as a family business excel. You have an extraordinary range of ideas, thoughts, knowledge, and abilities right here in your family - you need to tap into them.

As a family you may have two or three generations of family in the room. Each generation will have different ideas, knowledge and skills that need to be shared and tapped into.

The Current Generation have hard-won wisdom and experience - we need to hear this.

The Next Generation has new ideas, experience, and dreams - we need to hear this.

It takes both generations to hear and listen to each other closely. There have to be respectful and searching questions of each and everyone's ideas and thoughts. Just because something did not work 25 years ago, does it still mean it won't work? and then looking at current issues for example, just because someone is using Snapchat - does that mean the family business should be on Snapchat?

Channel your inner three-year-old that every family has and ask "why"? Ask it a lot and keep asking it.

For example:

- Why this?
- Why not that?
- Why is it that way?
- Why does it have to be that way?
- Why?

Each person from each generation has to be able to justify and back up their ideas and suggestions. This means that the conversations are searching, deep and detailed - they are not fast, nor are they lightweight. But out of this comes whole new ideas that everyone agrees is a good thing to do. In every family, there is usually the 'family cynic'. They are very useful because their 'bulls**t' detectors are incredible. Use them well and at times, tell them to shut up - cynicism can be taken too far. ~

6. The board, advisory board or instant advisory board

6.1 Should you have a board?

As the family business grows, a Board can be a vital management tool. If you decide to have a Board, make sure you get the most out of it and that it is appropriate for you right now. Boards are there to create and drive strategy - make sure this is what your Board is doing. You may not think you have a Board – these are not necessarily legal entities. However, whoever are the directors in your business, they technically are the Board - it is a hugely responsible position so we may as well tap into them!

The aim of the Board is to be able to come together quickly - like within 24-48 hours. They need to be wise, creative and have lots of ideas on what to do and how to get through this. There should be a LOT of *robust discussions* in the Board Meeting. We want ideas being bounced around, discussed fiercely and looked at in great detail. The stuff that looks great but has no substance needs to be identified quickly and discarded, the gems of ideas, the throw away ideas, the creative, *why didn't I think of that before* ideas need to be listened to and looked at closely - some will be great - some can be quietly left.

If you don't have a formal Board or Advisory Board, then create an Instant Advisory Board.

In its simplest form find 1-2 people whom you both trust and respect and get them in a meeting with you. Tell them about your company, your current financial situation and your previous strategies and then grill them. They are naturally a pair of totally 'fresh eyes' looking at your business and they will have great ideas - some of which you will have thought of, some of which you won't have. Listen to them, challenge them, get them to be very specific and build on their ideas. You may only need to meet with them once - maybe up to three times - no more as they will often start to lose their 'fresh eyes'. They can't make decisions for you - only Directors can do this - but they can give you a whole lot of valuable ideas and advice. They will be worth every penny you pay them.

6.2 Questions to think through about boards

What sort of Board is appropriate for you and your business right now?

- Formal Board of Directors?

- Advisory Board?

- Instant Advisory Board?

- What are the areas of knowledge or expertise that you'd like to tap into and get advice from?

- Who would you like to have sit at your table and give you their suggestions and ideas on what to do with your business?

- How will you approach these people? Who will approach them? What remuneration should you offer?

7. Leadership in the family business

During stressful or pressure times, people will take on different leadership roles that they may not have taken on or had previously. Sometimes these are formal roles and sometimes they are informal. Someone may be in charge of specific new projects; someone may step up and be the family mediator; someone may be the creative in the family with new ideas and thoughts. Someone else may be the person who naturally leads the family meetings. Some may be leading in technical areas and some may be leading in the family areas.

These are all incredibly important roles and they usually happen without anyone talking about it.

Nurture these roles. At times you may want to formally acknowledge them and reinforce them. Some of them are time limited and once a project is done or things get back to normal, they may not be needed. Make sure the person knows this and is thanked and appreciated for what they did.

In reality, all family members are leaders in the business regardless of the position they have. Each family member is a critical role model to all staff. Staff know who you are and NEVER underestimate how much they watch you and take their cue from you.

The entire family needs to be aware of the critical leadership role they all play and how important it is to the business. For example, people will see how you behave, how you treat them and others. They will instantly spot any double standard. If you expect staff to do something you had better do it 100%!

As leaders you are teachers, you are constantly teaching, or demonstrating to others about what is right, what is appropriate and what is expected. You teach them this by doing it yourself.

They will watch whether you are fair, whether you listen, whether you can manage yourself. These are tests and it is important that you pass them.

Whatever formal or informal role family members play, they need to demonstrate and communicate four important things:

1. A shared **understanding** of the **environment**, ie: *"We know what we face"*,
2. A shared **vision** of **where we are going**, ie: *"We know what we have to achieve"*,
3. A shared **set** of **organisational values**, of 'team' ie: *"We are in this together"*, and
4. A shared **feeling** of **power**, ie: *"We can do this!"*.

7.1 Questions on family leadership

- Who are the key leaders in the business?

- How can they be supported and recognised for the work they are doing?

- What can other members of the family, as informal leaders in the business, do to support the business and the family?

- What are the ways that the whole family can demonstrate leadership in the business? What are the words each of us will use when talking with others about?

Our Environment – “We are facing”

(keep these words positive and upbeat)

Our Vision – “We are aiming to achieve ...”

(should be simple – seven words or less)

Our Values – “We hold dear as a family ...”

(keep these practical and easily understood – make sure they are team oriented)

Our Power – “We can all do this by ...”

(how and what people can do to help one another build a feeling of being powerful)

Family agreement

We all agree to be morally and emotionally bound by what we have written in this document and are prepared to be held to it by our family. ~

NAME	SIGNATURE	DATE

Our Process



**Our process is straightforward.
We work with you to align your family
to strengthen your business.**

1. Meet, listen, explain.
2. Strengthen relationships, identify true needs, uncover family visions.
3. Build common ground, create a strategy, resolve differences.
4. Build consensus, problem solve, create amazing solutions.
5. Implement family vision, align the family, grow the business.



Please call us for further information.

Experience the results that family businesses have achieved by working with us.

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