

# ***Family Governance***

*The organization of the business family*

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## ***Successful companies have strong families behind them.***

In addition to professional corporate governance, leading family businesses are increasingly relying on a functioning family governance. What does that mean?

While corporate governance handles issues of leadership and control of the company and the appropriate roles of the parties involved, family governance focuses on the business-owning or shareholder family. The larger the family business and the more shareholders and family members are involved, the more important it is to establish structures for organization of the business-owning family that are accepted by all shareholders.

Well functioning family governance strengthens the business-owning family's sense of belonging and their identification with the company. It provides the family with a shared framework, defines conflict resolution mechanisms, and ensures "professional ownership", which means the shareholders know about the workings and characteristics of their family business, understand the economic connections in the company, and can competently discuss owner strategy decisions.



***Solidarity among the shareholders and identification with the family business do not happen on their own.***

***They are the result of active family governance.***

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## *Many questions...*

*This sounds easier than it is. Many questions must be answered to achieve a strong business family:*

- How do we deal with a growing number of shareholders? How many “owners” can our company take?
- How can we safeguard family solidarity and how can we keep the entrepreneurial spirit alive?
- How can we reconcile the legitimate interests of the active and non-active shareholders?
- Is our company ready for succession, or would we have to change it to make this possible?
- Successor to the throne or equal treatment – what is good for the company, and what is good for the family?
- Who among the family members should assume which roles in the future?
- What should be done if there are no successors or if there are too many candidates?
- Do we need an advisory board? If so, what and who should it comprise?
- Which rules do we need pertaining to remuneration, distribution and leaving the company?
- How do we keep our family assets together?
- How can the family serve as a stable backbone for the company?

**Answering these questions is not easy for any business-owning family, but it is unavoidable when it comes to ensuring sustainability.**

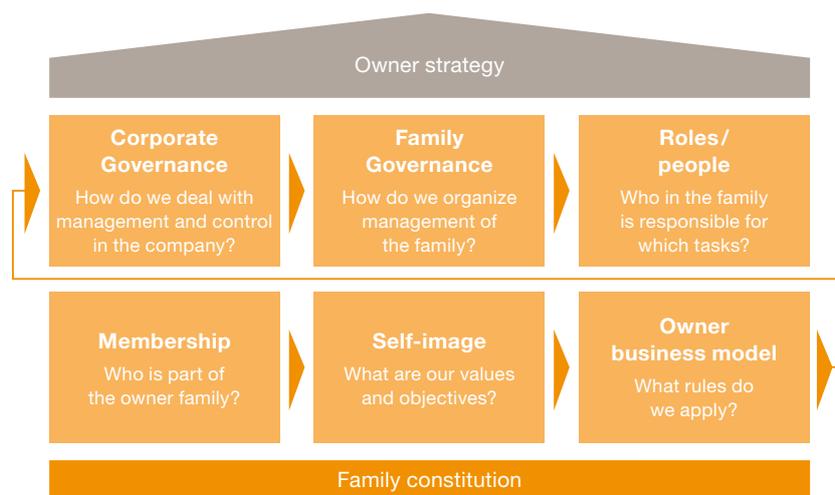


***Find your own solution –  
We will show you the way.***

## ***A solid foundation – from owner strategy to family constitution.***

In family businesses, ownership is both an opportunity and risk. Without mutual agreements on what the owners want and how it should be achieved, it is not possible to realize long-term success and sustained family ownership.

This requires a sustainable owner strategy. A strategy that includes the owners' guidelines for healthy development of the company.

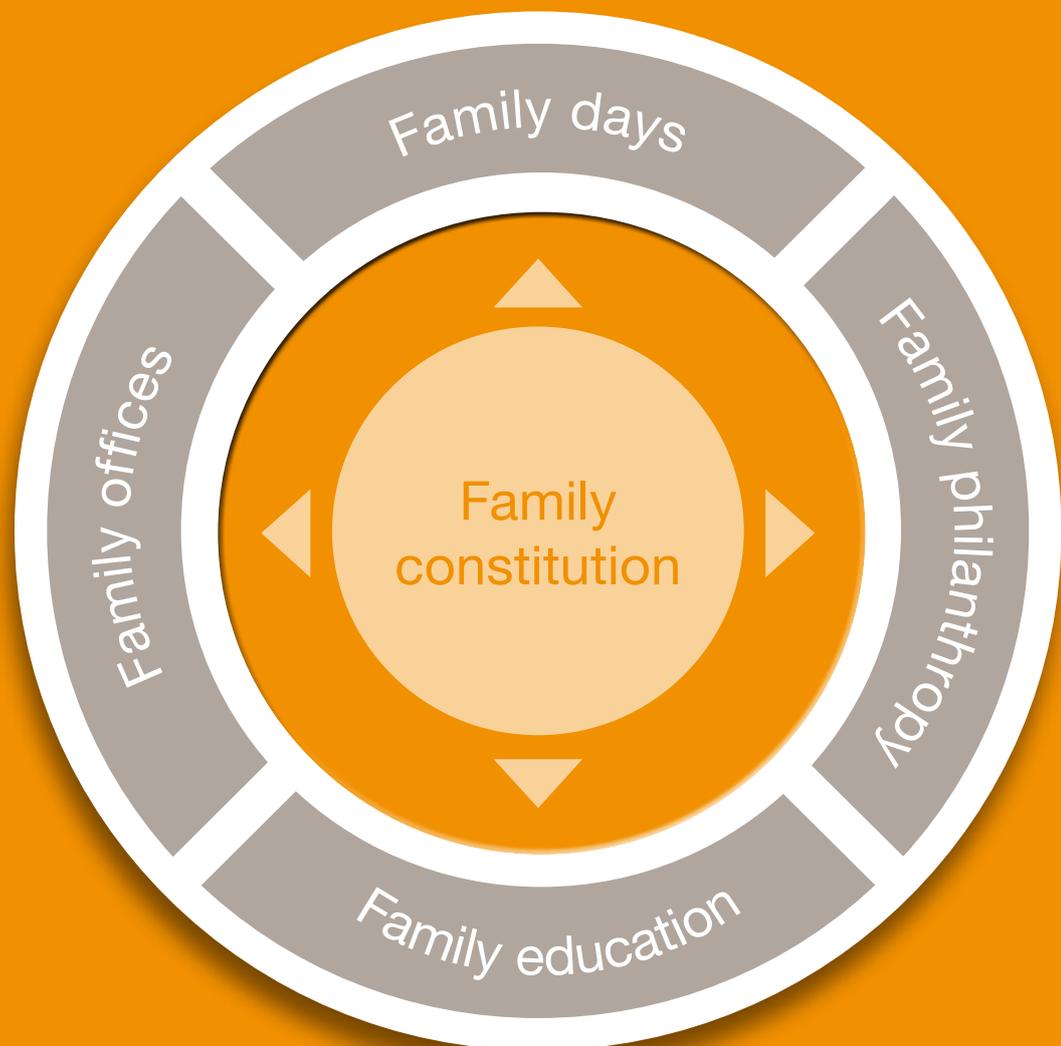


Our experts, moderators and mediators can help you work through all the issues in a structured process. They suggest solution models from other family constellations and help you combine your individual answers into a well rounded overall concept. Based on the owner strategy, the family can develop a family constitution.

We will also be glad to help you with implementation issues such as review of existing contracts. If necessary, we will involve selected experts to translate the results of your owner strategy process into legal tax-optimized models and concepts, even at an international scale.

**Implementation –**

*Family governance involves filling the family constitution with life.*



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## **Family education –** *From simple shareholder to professional owner.*

Not only the demands on executives in the company are increasing. Shareholders without operational management responsibilities are increasingly required to take an active role. Only those who constantly grapple with the issues facing the company will remain on top of things.

We offer special open programs for family businesses with a relatively small group of shareholders and their family members, and we develop tailor-made in-house seminars and programs for those with larger groups of shareholders. With our expertise and experience as a market leader. We tailor the topics and contents to your individual constellation and special interests. Individual topics can be prepared especially for the younger generation. Sensitive issues remain confidential within the group of trusted individuals. Family ties are strengthened by an intensive exchange on important topics and a common understanding for the concerns of the family business is achieved as a result.

***“In-house seminars have proven very effective for shareholder qualification. They can be precisely tailored to the needs of the business-owning family.”***

Matthias Beggerow, Chairman of the Family Council of the Simon family and member of the shareholders' committee of Bitburger Holding GmbH





## A selection of possible topics for your family education

- Reading balance sheets, interpreting key figures, deriving decisions
- Understanding and evaluating contracts (articles of association, prenuptial agreements, wills)
- Distribution and dividend policies – protecting the company and preserving interests
- Strategy development 4.0 – understanding and assessing various concepts
- Jointly managing assets or investing independently? Opportunities and risks
- (Family) assets – ready for talks with asset managers
- From owner strategy to family constitution – understanding connections and dynamics in family businesses
- The advisory board – its responsibilities, competencies and limitations
- Family psychology – breaking through patterns and developing new dynamics
- Your own topic: ...

All topics can also be specifically designed to address the next generation (18–35 years).

## Our expertise

We are familiar with the special characteristics and challenges of family businesses. We have worked with small and large groups of shareholders for many years and know how successful business families organize themselves, maintain a high level of knowledge among their shareholders, and introduce the next generation to the various responsibilities in a family business using specific training measures.

We provide you with the best instructors from universities or consulting practice for each training topic. Our experts and facilitators cover a wide range of subjects for business families. We also work with competent partners for other special topics. Get in touch with us.

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## ***Family days –*** *Planning and implementing family.*

Strong business families are characterized by a high level of loyalty, open communication, a constructive approach to conflict, and an appreciative way of dealing with one another. While families with just a few members develop these qualities as part of their everyday lives, larger business families with family members scattered across large areas and different generations find it hard to find opportunities to develop these important skills together.

It is therefore all the more important to organize events where family members come together, build trust and also develop a connection with the company. We can help you plan and implement your family activities. From the content to framework programs and special events – for young and old, shareholders and family members.

- Preparation and organization of family days
- Children and youth programs for the youngest family members
- Next generation programs and events for young shareholders
- Daily agendas including social, economic or political topics (e.g., sustainable company management, business ethics, environmental management in large companies)
- Content tailored to the needs of your family business

***“Family solidarity is a cornerstone of our success.  
And this solidarity does not just happen on its own.  
It requires constant work.”***

Jan Schmidt-Krayer, managing partner of  
Schmidt + Clemens Group



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## ***Family offices – From the pooling of assets to a full service center.***

Many business families operate their own single family office or use the services of externally managed independent or bank-related family offices. This is used to maintain, pool or invest the assets of the shareholders as part of the shared family assets better than the individuals could alone. But it also provides a way to offer the shareholders various services from a single source, such as independent insurance advice or centralized tax consulting. All possible models are conceivable and practiced by business-owning families.

Families who run their family offices for themselves maintain so-called single family offices. Multi-family offices, on the other hand, are family offices operated by banks and other financial service providers for several different families.

Together with selected partners, we can help you

- find out whether a family office could be the right solution to the goals and challenges of your shareholders,
- design your family office according to the objectives and requirements of your shareholders,
- find the most suitable candidates to run your single family office,
- operate your single family office professionally and with the optimum tax conditions, and
- in case you decide to use a multi-family office, we will help you find the right service provider for your objectives and choose the best type of contract.

***“After selling our company, my two brothers and I decided to manage our assets together using our own family office.”***

Mick Mende, Gebrüder Mende Family Office GmbH & Co.



## ***Family philanthropy – Professionalizing non-profit activities.***

A commitment to charitable causes is an integral part of the identity of many business families. This can take many forms including foundations connected to the company, private foundations, sponsoring of the local soccer club, patronage or social impact investing. And the objectives of these activities are just as diverse – ranging from the fields of medicine, education, the environment and health to sports, art, research and refugee assistance.

The activities are almost always characterized by the business-owning family. They are an expression of family values and at the same time serve to define an aspect of the family's identity. They give those family members, who are not involved in the company, an opportunity to make an active contribution. After all, it takes the personal commitment of individuals to make charitable activities into sustainable projects that actually effect change. This provides individual family members with a stronger connection to the company, develops an awareness of the family values, and increases the impact of the charitable projects.

Together with our partners, we can help you professionalize your charitable activities and involve shareholders and family members, who may not have had a very active role in the company thus far.

### Possible topics

- Realignment of your philanthropic activities based on your family values and current family structure
- What am I truly committed to? – Find just the right cause for your family!
- Spending money is easy, but spending money properly is hard. Business plan for your foundation
- Defining the right structure from a tax perspective

***“Many young family members are also involved in our foundation. This has brought about a wonderful exchange and a great appreciation between the generations.”***

Margit Leitz, volunteer foundation director at Louis Leitz Stiftung, Stuttgart

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## **About INTES**

**INTES Family Business Academy** by PwC is regarded as a market leader and first point of contact for business families in Germany, Austria and Switzerland. Together with PwC, we stand for:

**Family** – Consulting services for business-owning families: INTES has nearly 20 years of experience as a pioneer in consultancy for business-owning families. The methods and models developed by INTES can be found in the family constitutions and governance structures of numerous medium-sized and international owner-dominated family businesses.

**Business** – Services for companies: in addition to auditing as its core service, PwC stands for high-quality international strategy, management and implementation consulting as well as legal and tax advisory services. We support family businesses with their growth strategies, while also helping them remain independent.

**Academy** – Qualification for owners, successors, CEOs and advisory boards: INTES offers practice-oriented courses for stakeholders in family businesses.

INTES makes business-owning families stronger. PwC makes better family businesses better. Business owners and family businesses benefit from this unique combination of ownership and business expertise!

[www.intes-akademie.de](http://www.intes-akademie.de)

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*We are passionate about helping  
business-owning families set up  
sustainable structures.*

*Take advantage of 20 years of  
INTES experience to secure the  
future of your family business.*

***INTES Akademie für Familienunternehmen***

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