

FAMILY COUNCIL COMMITTEES:

A call to order

Some family councils create a committee structure to accomplish major tasks more effectively. Another benefit: Committee work helps develop next-generation family members' leadership skills.

BY BARBARA SPECTOR

When the Eddy family decided to form a family council in the early 2000s, they knew they had a lot of work to do. The family—which has owned and managed the Port Blakely Companies, a timber and real estate enterprise in the Pacific Northwest, since 1903—engaged a consultant to teach them about family governance. A group of volunteers who originally convened in 2000 to draft a family employment policy evolved into a provisional family council; in 2002, the family unanimously voted to officially form the Eddy Family Council.

To focus council members' efforts on the many tasks and projects involved in setting up a family governance system and producing foundational documents, the Eddy family began to create committees in 2001. Because there was so much work to be done, the committees proliferated, recalls Charlotte Lamp, a third-generation Eddy family member and Port Blakely shareholder. "We had an education committee, communications committee, website committee, survey committee, constitution committee, budget and finance committee, annual committee [and a] constituent committee," says Lamp. "We had so many committees it was unreal."

Steve Lytle, a fourth-generation member of The Agnew Company—an investment management firm whose holdings include timberland, commercial real estate, private equity investments and securities—is a family business consultant who has helped clients establish a family council committee structure. But Lytle's own family council accomplishes its work without committees. At this stage of the Agnew family council's development, the extra organizational layer isn't necessary, Lytle explains.

Although the Agnew family has been convening meetings for about ten or 12 years, they did not formally establish a family council until 2012-13, after the sale of the family's beverage distribution business, which was its largest operating entity, Lytle notes.

In Lytle's view, a family council's main functions are to foster cohesion, clarity, communication and education in the family. "At the early stage, these things begin happening very naturally," through tasks like developing family communications, planning meetings and educational programs, and establishing a mechanism for philanthropic activities, he says. "Formalizing these functions can interrupt the natural rhythm and flow of that work" when the council is starting to build momentum, Lytle says. "Later on, as the system grows and becomes more complex, two things become very vital: a greater division of labor, and opportunities for engagement and participating in family enterprise activities."

Like a business that grows from an entrepreneurial venture into a thriving enterprise and begins to form departments to handle functions like human resources and accounting, a family governance system establishes committees out of necessity. As tasks proliferate, council members gradually realize that without a way to delegate duties, "the system will collapse under its own weight," Lytle says.

Getting the work done

Family council committees are often tasked with researching a topic and developing a report, document or proposal that the full group can act on, note Christopher Eckrich and Stephen McClure, principals of the Family Business Consulting Group, in their book *The Family Council Handbook*.