

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*.



IDEAL Industries' family council in 2012. Back row, from left: Dan Golding, John Popovich, Margaret Baack, Ben Juday, Jamie Tucker, Dave Juday. Front row, from left: Chris Lamb, Nancy Juday, Jenna Juday, Jess Baack, Meghan Juday. Photo by family council member Eric Savage.

a family council accomplish essential tasks, but also give family members "a great way of making a contribution without getting 'all in,' and building a working relationship with other family members around a specific topic," Juday says.

Serving as a committee member or committee chair is a valuable experience "for someone who wants to take on a little more work but doesn't want to take the whole plate," concurs Maggie Tucker, a fourth-generation IDEAL owner who chairs the family assembly and participates in two committees.

A 'farm team' for family leadership

E. Ritter & Co.'s family council views its committees as a way to get the next generation interested in the company, which operates units in agribusiness and communications and is based in

"It's a practical matter more than anything," McClure tells *Family Business*. "With committees, a family council can be a lot more productive."

Committees can be "standing" or "ad hoc," McClure explains. A standing committee is permanent and serves an ongoing need, while an ad hoc committee—sometimes called a task force—is formed to tackle a specific project for the council and dissolves after the project is completed.

"If it's a new family council, you often have ad hoc committees to create the infrastructure," McClure says. For example, he notes, an ad hoc committee could be formed to write a family council charter or a family employment policy; once the document is written, edited and ratified by the full council, there is no need for the committee to continue. Standing committees often are formed to address ongoing projects like family education, family philanthropy and the annual family meeting.

E. Ritter & Co.'s family council views its committees as a way to get the family's next-generation members interested in the company.

Committees can be an effective way to achieve family goals, but their advantages are largely unheralded, observes Meghan Juday, a fourth-generation member of the family that owns IDEAL Industries. "When you look at the best-practice literature, committees are not really mentioned," says Juday, who serves as chair of the IDEAL family council and a director of the company.

Yet committees are important tools. They not only help

northeastern Arkansas.

Late last year, the family held a next-generation summit and came away with an abundance of ideas on topics such as family education and social events. Council members realized that the family's next-generation members could help them turn the ideas into reality. "We needed talent to be able to do all of these projects, and we were also giving these next-generation family members a new outlet," says Jack Wilder, the Ritter family council president.

The Ritter family council has five committees. One of them, the Philanthropy Committee, existed prior to the family's pivotal summit meeting last year. "The philanthropy committee is made up of members of management, employees throughout the organization, and also family members," Wilder says. The committee has identified several areas of focus for the company's charitable giving and reviews and selects organizations to receive grants.

One of Ritter's newer family council committees, called the Social Committee, is tasked with creating a new family social program for 2015. Another, known as the Next Gen Vision Committee, is charged with reporting on the next-generation members' vision for the business and the family. A Next Gen Summit Committee planned the summit meeting, and an Education Committee is planning new ways to teach family members about business in general and E. Ritter & Co.'s businesses in particular. Two educational webinars have taken place, with several more in the planning stages.

"One thing that was important to the council was that we didn't just want to give them a soft goal and then leave them to go at it," Wilder says. "We wanted to give each committee some sort of concrete, time-bound goal before we started." Committee members have leeway in how they conduct their meetings and how they achieve their goals, Wilder notes.

The agenda for each quarterly family council meeting includes progress reports from the committee leaders, Wilder says. "We discuss whether they are on track to make their goals, and also make sure they have all the resources they need. Sometimes they may need a member of management, or they may need some money for something, and that is our job as a council—to make sure they are well equipped."

The family owners of IDEAL Industries—which manufactures products for the electrical, datacomm, original equipment manufacturer, wire processing, security, automotive, telecommunication and industrial markets—instituted a committee structure several years ago "in line with our desire to develop a deep bench of qualified family leaders," says Meghan Juday. The council established four standing committees in alignment with the family strategy—Governance and Ownership; Development and Education; Family, Philanthropy and Legacy; and Business and Financial. "We identified several key areas where we wanted to grow the family, and put committees around them," Juday explains.

The IDEAL family council is an informal body of "committed volunteers," with a flexible number of members and no elections or terms, Juday says. Any family member is eligible to serve on a committee, including significant others. Time is set aside during family council meetings for committees to work together in person, an important way for family members who live far from each other to get better acquainted, she notes. Concurrent child care is provided during these meetings, a system that enables the young cousins to play together and develop relationships while their parents are collaborating on family projects, Juday adds.

"You get people who are passionate about specific topics working on those topics and bringing innovation to it," Juday says. She notes that committees provide a way to tap into the talents of the whole family, rather than just the family leaders. "You can make a contribution because you're good at philanthropy, or you're good at planning super-fun parties," she points out.

Committee service, Juday reflects, is "a good way of pushing leadership responsibility down to the next generation, and getting their toes wet."

It's important for the family council chairperson to follow up with committees to keep them "focused on their projects and their purpose," McClure says. Committee members must have a clear picture of what their mission is—for example, whether they are expected only to research an issue, to do research and then make a recommendation, or to fully execute a project. Clarifying the committee's responsibilities at the outset will help determine whether prospective committee members have the free time and commitment needed to complete their assigned tasks, McClure notes.

To handle the important work of family governance, each family must chart its own course in establishing committees and other structures—often through trial and error.

A committee chair "is responsible for making as the committee work as a team to accomplish its goals," McClure notes. Effective committee chairs use tools such as agendas, action plans and meeting minutes to hold committee members accountable and to facilitate the group's work, the adviser says. Good social skills are a prerequisite, because the committee leader must keep in frequent contact with the family council chair as well as with committee members, he explains.

An evolving system

Port Blakely Companies' Eddy family council recently reorganized, eliminating its committees in an effort to achieve a more efficient division of labor, Charlotte Lamp reports.

Previously, the nine members of the Eddy family council did double or even triple duty, serving as chair of one committee and a member of one or two others. The overlap made it difficult to schedule meeting times for each committee during the weekends when the council convened, Lamp says. Moreover, after completion of some major projects that took a lot of the council's time in its early years, several



Next-generation members of E. Ritter & Co.'s family council. From left: Katy Schaaf, Mark Hatzenbuehler, Jack Wilder and Erik Kesting.

committees were left with a lightened workload, while others, like the education committee, were continually busy.

To solve these problems, the council restructured itself to eliminate committees that meet separately. Now, council projects are divided into four areas—governance and budget, education, communications and the annual meeting. For each of the four areas, a council member serves in a role called “coordinator,” in lieu of a committee chair. The education coordinator, for example, leads the portion of the council meeting devoted to that area, and the full council works together to complete the projects. Family members outside the council are also welcome to participate in the work, Lamp says.

“At the beginning, it was really necessary to have all those committees,” Lamp reflects. “But once you’ve got your documentation done and you’re starting to function more smoothly, then you don’t need as many committees working as we did.”

Juday and Tucker say that at IDEAL, a flexible approach helps members manage differences in committee workloads. For example, Juday says, a family council could create four committees but name only three committee chairs. “I would think about it flexibly,” she recommends. “Focus on where [you] have to move the family long-term, as opposed to getting through a quarterly agenda.”

“It turns out that [IDEAL’s committees are] all very different,” Tucker says. “There isn’t one blueprint that we can lay over them.” Because of the council’s fluid approach to the division of labor, the projects have proceeded at an appropriate pace, Tucker notes. “We’ve been able to have flexibility and react to the work that actually needs to be done,” she says. “This process has allowed us to put our energy where we need to—as long as everyone gets the experience they need, and as long as they are bringing back to the family what needs to be brought back.”

Tackling the workload

The Ritter family council surveyed family members to assess their interest in serving on a committee and reached out to those considered to have high potential as effective committee leaders, Jack Wilder says. In addition, he notes, council members identified several family members with the talent to succeed in a leadership role.

“We haven’t reached a finish line, by any means,” Wilder says. “We’ve achieved broadened participation through the committee process, but there are still some other folks that we would like to get engaged. There are still opportunities left on the table for us. I think once it’s clear that these committees aren’t going to be an obscene amount of work and that they are getting results, that will continue to help to drive interest and participation.”

In Wilder’s view, there are “two critical components” to engaging family members through committee participation. “One is that you have to get people excited about the business and the family in the first place,” Wilder says. “If you haven’t done that, there won’t be much you can do through the committees to drive up that excitement and participation. The second part is to make sure you maintain the balance of giving the committees meaty work to do and yet not making it too onerous of a commitment.”

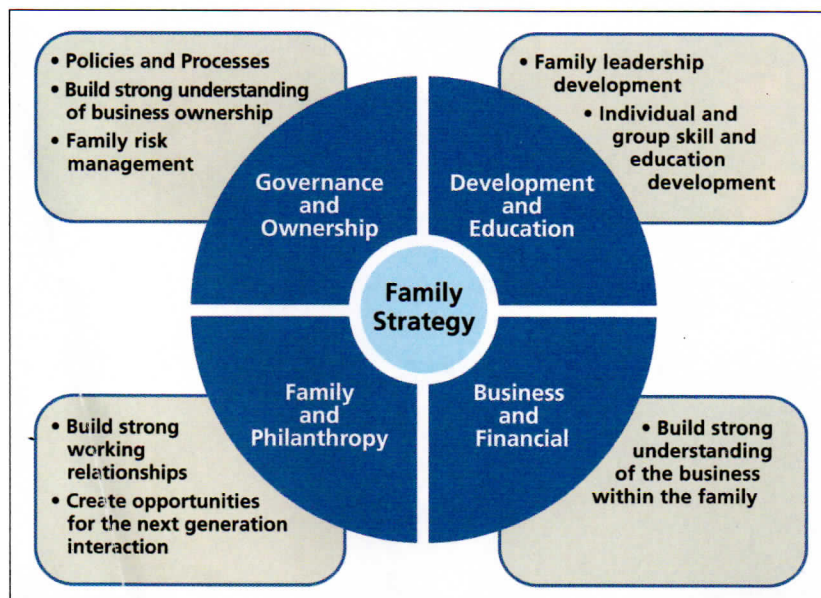
Lytle says that joining together to work on council or committee projects builds trust. “Tools like councils and committees build cohesion by putting family members together to share from their heart and their head,” he says, “so they know that they’re heard, they feel that they’re contributing and they know what’s going on in each other’s lives.”

“We have found that work is done more efficiently in a small group,” says IDEAL’s Maggie Tucker. “People participate more and collaborate more, and things can get done more efficiently in a conversation or a call.”

A challenge of committee work is achieving support from the broader family, Tucker cautions. “A buy-in process has to occur after the work gets done,” she says. “We are very conscious about, ‘How are we going to communicate this change and get feedback from the family?’”

To handle the important work of family governance, like so many other aspects of family business, each family must chart its own course—often through trial and error. As the family governance system matures, a committee structure that initially functioned well may need to be revised, as the Eddy family found.

“Every group finds their pathways of how to do their work,” Port Blakely’s Lamp says. “In some cases a council may work as a body; in other cases, they do it by committee. I think it evolves, and different groups find their way. Different families have different needs.”



The IDEAL family council has four standing committees: Governance and Ownership, Development and Education, Business and Financial, and Family and Philanthropy.

Deidre Grieves contributed to the reporting of this article.