

Case Study **Private and Public Companies**

Family Business / Building
Governance Plans /
Succession Planning

Creating Family Unity Above All

BACKGROUND

A large family of more than 220 members owns a group of companies that operate in 20 countries, with over 4,000 employees and 2 billion USD in annual revenues. The family business leaders were facing challenges in integrating the new generation into the businesses and needed the right governance and organizational structures to clear such integration.

EXECUTIVE SUMMARY

Client Challenges

- The next-generation owners of a multinational family business were having a hard time coming to an agreement on the future of the business
- The family leaders were fully aware of the problems that might take place in a family business
- There was a need to understand the worries of both the family members and the family business leaders
- The family business required serious assistance in choosing the right governance plan to strengthen the unity of its family members while maintaining the business
- There was a crucial need to establish an organizational structure that would streamline the entrance of any younger-generation member

Our Solution

- Called the family to a meeting and communicated with all members
- Decided on broad family affiliation and ownership as the basis for their sustainability and cohesion
- Put family unity at the heart of all activities
- Organized an annual family meeting
- Created a shareholder communication team
- Created a committee to work on the family business board insights
- Designed an internal family program to educate the family owners on the company's history and heritage
- Designed a system of stringent merit-based processes for members to either join the board or have an operational role in the business
- Established a family employment policy
- Established a governance plan for both the family and business

Our Intervention's Impact

- Built more unity and managed expectations
- Restructured the business and kept it dynamic
- Improved communication within the family by stressing the importance of values
- Created venues for clear business communication and family communication

- *The family business had grown into an international portfolio of businesses.*
- *The family is now in its sixth generation, bringing total membership to over 220 family members.*

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Key Client Challenge

The client's group of companies was facing major problems, including:

- Family members were not happy, and tensions started surfacing
- The company's future was uncertain
- Family members in many companies of the group were battling for leadership
- There was a lot of ambiguity about roles in the family company
- Some family members wanted to take the business public, while others wanted to cash out and leave

Our Solution

- Emphasized the concept of family unity
- Brought the family together with a process of communication to decide on the governance plans they want to adopt
- Aligned the interests of the shareholders with their abilities and their interests for each company of the group
- Structured the communication process with family members and created forums for proper communication
- Aligned constituencies and motivated the family to make decisions together
- Restructured the business while enhancing communication among family members

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