BLACKLEAF

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BLACKLEAF WEALTH COORDINATION

Family Governance *Starter Kit*

A charter outline, a council model and a decision-rights template for families who own businesses and wealth together.

INTRODUCTION

Families need rules *as much as companies do*.

When a family owns a business, property or wealth together, three systems overlap: the family, the ownership and the business. Without clear governance, family questions leak into business decisions, and business decisions strain the family.

This starter kit gives a family a practical way to begin: a charter outline, a council model and a decision-rights template. It is a starting point to adapt, written for families in South Africa, and it is not legal advice.

Family

Who belongs, and how they take part.

Ownership

Who owns what, and how it moves.

Business

Who runs it, and how it is held to account.

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Why governance, *and when*.

The right time to agree rules is before they are needed.

TRIGGER	WHAT IT RAISES
A second generation joins the business	Roles, pay, and who may work in the business
Shares pass to more family members	Who has a say, and how decisions are made
A family member wants to leave	How they are paid out, and at what value
A major business decision	Who decides, and who must be consulted
Wealth outside the business grows	Who manages it, and for whose benefit
A death, illness or dispute	Succession, continuity and fairness

WHAT GOOD GOVERNANCE GIVES A FAMILY

- ✓ Decisions that are made on principle, not on who is loudest
- ✓ A way to speak to each other before conflict sets in
- ✓ Clear expectations for those who work in the business, and for those who do not
- ✓ Continuity when people retire, leave or die
- ✓ A record of what the family has agreed, and why

The three *circles*.

Family business governance separates three groups whose interests differ.

Family

Everyone who belongs to the family, whether or not they own or work in the business. Concerned with unity, values and relationships.

Ownership

Those who hold shares or interests. Concerned with returns, risk, and the long-term protection of value.

Business

Those who work in and manage the business. Concerned with performance, strategy and operations.

PERSON TYPE	CIRCLES	TYPICAL CONCERN
Owner who works in the business	Family, ownership, business	Role clarity, pay, succession
Owner who does not work in it	Family, ownership	Information, dividends, exit
Family member who works in it, no shares	Family, business	Reward, progress, security
Family member with neither	Family only	Belonging, fairness, information

Name the circle. Before any discussion, say which circle it belongs to. Many family arguments are a business matter in family clothing, or the reverse.

The family *charter*.

A charter records what the family stands for and how it will act together. It is a statement of intent, not a contract.

SECTION	WHAT IT COVERS
Purpose and values	Why the family holds its business and wealth together, and the values it wants to protect.
Vision	What the family hopes the business and wealth will look like in the next generation.
Family membership	Who is counted as family for governance, and who may take part in meetings.
Ownership principles	Who may hold shares, and the principles on transfers, trusts and spouses.
Employment policy	Who may work in the business, entry criteria, review and pay.
Dividends and liquidity	How returns are distributed, and the approach to reinvestment.
Philanthropy	Whether and how the family gives, and who decides.
Communication	How and when the family meets and shares information.
Conflict	How disagreements are raised and resolved.
Amendment	How the charter is reviewed and changed.

A charter does not replace legal documents. Where the family wants a point to be binding, it is recorded in a shareholders' agreement, trust deed or will, prepared by your attorney.

The family *council*.

A council is the family's own forum. It is not the board, and does not run the business.

ITEM	A WORKABLE STARTING POINT
Purpose	Discuss family matters, agree policy, prepare the family for ownership
Members	Adult family members, or elected representatives from each branch
Chair	A respected family member, rotated, with a deputy
Meetings	Two to four times a year, plus an annual family assembly
Agenda	Set in advance, with papers, and a record of decisions
Secretary	Someone to keep records, who need not be a family member
Outsiders	An independent facilitator or adviser invited where it helps

WHAT THE COUNCIL DECIDES, AND DOES NOT

DECIDES	DOES NOT DECIDE
Family employment and education policy	Day-to-day business management
Charter content and review	Individual hiring and pay in the business
Family events, communication, philanthropy	Business strategy, which belongs to the board

Decision rights *template*.

State who decides, who advises and who is informed for each type of decision. Adapt the entries to your family.

DECISION	DECIDES	ADVISES
Business strategy and budget	Board	Family council, owners
Appointment of the chief executive	Board	Owners, family council
Family member employed in the business	Board, to the agreed policy	Family council
Dividend policy	Owners, on board proposal	Board
Share transfers and new owners	Owners, to the agreement	Family council
Sale of the business or large asset	Owners, by the agreed majority	Board, advisers
Family trust distributions	Trustees, under the deed	Family council, advisers
Family philanthropy	Family council	Owners
Changes to the charter	Family council, by agreed majority	All family members

Fill it in together. Review the template in a family meeting and change it until each answer is one the family can accept. Then record it in the charter and the legal documents.

Next generation *and entry rules*.

Clear entry rules protect both the business and the family member.

TOPIC	QUESTIONS TO SETTLE
Entry into the business	Qualifications, experience elsewhere, and a defined role with a manager outside the family
Remuneration	Market-based pay, set by an independent process
Performance	Regular reviews against the same standards as other staff
Ownership	When and how family members become owners, and on what terms
Preparation	Education on the business, finance and the owner's role
Exit	What happens if a family member does not succeed, or wishes to leave
Spouses and partners	Their role in the family and in information, set out in the charter

DEVELOPING THE NEXT GENERATION

- ✓ Give young family members exposure before they have responsibility
- ✓ Encourage experience outside the family business
- ✓ Offer education on ownership, not only on management
- ✓ Create a path for family members who choose not to work in the business

Starting *the process*.

Families that succeed take governance in small steps, and agree each one.

01

Listen

Meet each family member separately to hear what they want and fear.

OUTPUT: SUMMARY OF VIEWS

02

Align

Hold a family meeting to agree purpose, values and the questions to settle.

OUTPUT: AGREED PRINCIPLES

03

Draft

Write a charter and a council structure, circulated for comment.

OUTPUT: DRAFT CHARTER

04

Formalise

Confirm the points that need legal form with your attorney.

OUTPUT: ALIGNED LEGAL DOCUMENTS

05

Practise

Hold the first council meetings, then review the charter after a year.

OUTPUT: WORKING GOVERNANCE

Use a neutral facilitator. A facilitator outside the family can ask the questions that family members cannot.

Readiness *check*.

Score one point for each statement that is true today.

- [ ] The family can state why it holds its assets together
- [ ] Roles in the three circles are understood
- [ ] A family charter exists, or is in draft
- [ ] Family meetings happen on a schedule
- [ ] Who decides what is written down
- [ ] Family employment rules are agreed
- [ ] Pay for family members is set to market
- [ ] Dividend policy is agreed
- [ ] Share transfer rules are recorded in a legal document
- [ ] Succession for key roles is discussed
- [ ] Next-generation education has begun
- [ ] A conflict process is agreed

11 to 12
Strong. Review yearly.

8 to 10
Good base. Complete it.

4 to 7
Start the charter.

0 to 3
Begin with a family meeting.

Next step. BlackLeaf Wealth Coordination facilitates family governance work alongside your attorney, tax adviser and family office.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

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