



Syllabus

STEP Advanced Certificate in Family Business Governance



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Family Business Governance

Introduction

This document contains the detailed syllabus for the STEP Advanced Certificate in Family Business Governance .

For more information about the course and how to apply, please visit the [course page](#) on the CLTI website.



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Module 1

AN INTRODUCTION TO FAMILY BUSINESS GOVERNANCE

This module covers:

- What a 'family business' is
- The definition of governance
- The importance of family business governance
- The role of owners in the governance of the family business
- Natural governance in a family business
- The limits of natural governance
- The different situations in the lifecycle of the family, the owners and the business that create the need for more formal, organised governance
- How to use the Three-Circle Model to predict the need for more formal governance.

By the end of this module you should be able to:

- Articulate what a 'family business' is and reflect on how a company becomes a family business
- Analyse and explain the key aspects and importance of family business governance
- Explain the role of owners in the governance of the family business
- Demonstrate a mature understanding of natural governance in a family business and be able to discuss its limitations
- Examine and critique the different situations in the lifecycle of the family, the owners and the business that create the need for more formal, organised governance
- Systematically explain and demonstrate how the Three-Circle Model can be used to predict the need for more formal governance.



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Module 2

THE SIGNIFICANCE OF SHARED PURPOSE

This module covers:

- Why families might want to be in business together, if at all
- The importance of Shared Purpose
- The different elements of Shared Purpose
- Research about socio-emotional wealth and family businesses
- The implications of Shared Purpose for advisors
- The importance of understanding a family business' Shared Purpose
- The 'Do No Harm' principle
- The perils of locking in legacy and tying up successors
- The continuity myth.

By the end of this module you should be able to:

- Demonstrate a deep understanding and respect for the competing and noble reasons for why families might want to be owners of a family business together
- Evaluate the importance of a family business having a Shared Purpose
- Accurately categorise and explain the different elements of Shared Purpose, and discuss what this might mean for the family business client
- Critically evaluate what research reveals about socio-emotional wealth and family businesses
- Use open-ended questions to help the family business client examine their Shared Purpose and views for the future of the business



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- Review and consider the implications of Shared Purpose for advisors, and the importance of the advisor understanding how elements of the Shared Purpose may be prioritised differently across the family business system
- Explain and evaluate the 'Do No Harm' principle, considering how common business provisions may interfere with a family business client's Shared Purpose
- Analyse the perils of locking in legacy and tying up successors
- Recognise and challenge narratives you may have encountered which use business continuity as a benchmark of success.



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Module 3

OWNERSHIP GOVERNANCE: FORMS, GOALS AND TASKS

This module covers:

- The focus, goals and tasks of ownership governance
- The role owners play in family businesses, as compared to public companies
- How owners have the power to retain or delegate decision making and governance power
- How Shared Purpose drives ownership decision making and allocation of power to the board, management and the family
- How each family has unique ownership attitudes that shape its governance.

By the end of this module you should be able to:

- Critically evaluate the focus, goals and tasks of ownership governance
- Compare ownership decisions with business decisions
- Evaluate and discuss the central role owners play in family businesses, as compared to public companies
- Explain how owners have the power to retain or delegate decision making and governance power
- Analyse and articulate how Shared Purpose drives ownership decision making and allocation of power to the board, management and the family
- Demonstrate a deep understanding and respect for the unique ownership attitudes that families have which shape their governance
- Examine and evaluate your own opinions regarding key ownership attitudes and demonstrate a mature awareness of your own biases when interacting with or advising a family business client.



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Module 4

OWNERSHIP GOVERNANCE: FORUMS AND PRACTICES

This module covers:

- Forums for ownership governance (owners' councils and assemblies)
- Why ownership governance is a challenging issue for shareholders
- The difficulty of accomplishing ownership governance in the boardroom
- How multiple advisors play a role in shaping ownership governance
- Policies that might be promoted by owners.

By the end of this module you should be able to:

- Critically explain and assess the appropriateness of using owners' councils and owners' assemblies as forums for ownership governance
- Evaluate and explain why ownership governance is a challenging issue for shareholders
- Present a clear, reasoned argument supporting why ownership governance cannot be accomplished successfully in the boardroom and there is a consequent need for a separate forum
- Selectively identify appropriate topics to be discussed in the owners' council rather than the boardroom
- Demonstrate a deep understanding and respect for how historic 'hidden governance' can create unanticipated consequences for developing ownership, and identify relevant documents that might include hidden governance provisions
- Explain how multiple advisors play a role in shaping ownership governance
- Engage in discussions with family business clients about typical policies that might be developed by an owners' council.



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Module 5

FAMILY GOVERNANCE: UNDERSTANDING THE ROLE OF FAMILY GOVERNANCE

This module covers:

- The focus, goals and tasks of family governance
- How adopting more formal governance for the family can be helpful in strengthening the family 'glue' and managing conflict
- The role of different family members in a family business
- How families might define success
- The process by which a family might develop a wider focus and become a family enterprise
- How families can build engagement within a family business.

By the end of this module you should be able to:

- Critically evaluate the focus, goals and tasks of family governance
- Evaluate and discuss how adopting more formal governance for the family can be helpful in strengthening the family 'glue' and managing conflict
- Articulate and analyse the role of the family in a family business
- Demonstrate a mature appreciation of the fact that family members may seek different outlets from the core family business, and consider that a business-owning family might become a family enterprise
- Identify practical ways in which a family council might create opportunities to increase engagement
- Demonstrate a deep understanding and respect for why families in business are interested in the future growth and success of all their capital, not just the capital in the business.



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Module 6

FAMILY GOVERNANCE: IMPLEMENTING EFFECTIVE FAMILY GOVERNANCE

This module covers:

- Forums for family governance (family councils and family assemblies)
- The advantages and disadvantages of combining a family council and owners' council
- Conflicts of interest where different roles are assumed in the ownership and business governance
- Who should get a vote in decision making
- How representatives from the family assembly should be chosen to serve on the family council
- The importance of encouraging participation in the family council
- Policies on family employment and family education.

By the end of this module you should be able to:

- Critically explain and assess the appropriateness of using family councils and family assemblies as forums for family governance
- Explain how a family council is organised and its key responsibilities both where the family has adopted an assembly-council structure and where it operates only within a family council
- Evaluate and present clear advice about the advantages and disadvantages of combining a family council and owners' council with a family business in different situations



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- Engage in discussions with family business clients about how representatives from the family assembly should be chosen to serve on the family council, articulating the need to consider representation and ability
- Demonstrate a mature understanding of the need for family council roles to encourage participation from family members, and identify ways in which the family council can build engagement
- Review and assess the different types of policies that a family council might want to develop.



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Module 7

BUSINESS GOVERNANCE: BUILDING A BOARD OF DIRECTORS

This module covers:

- The focus, goals and tasks of business governance
- The differences between business governance in a family business and business governance in a public company
- The evolution of business governance in family businesses
- The role of the owners in business governance
- The fiduciary duties of directors of a family business
- The difference between a fiduciary board and an advisory board
- How independent directors or advisors can help bring expertise and perspective to a family business.

By the end of this module you should be able to:

- Critically evaluate the focus, goals and tasks of business governance
- Systematically explain and appreciate the differences between business governance in a family business and business governance in a public company
- Examine and explain how business governance in family businesses tends to evolve as the ownership group comes to be different from the management group
- Articulate and analyse the role of the owners in business governance
- Explain to the owners of a family business the advantages of a strong board, and explain how a highly-functioning board could help them leverage their ability
- Demonstrate a deep understanding and be able to explain the difference between a fiduciary board and an advisory board to a family business
- Make reasoned and logical suggestions to a family about how independent directors or advisors can help bring expertise and perspective to their family business.



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Module 8

BUSINESS GOVERNANCE: IMPLEMENTING AN EFFECTIVE BOARD OF DIRECTORS

This module covers:

- Forums for business governance (boards of directors, managing committees)
- Unitary and two-tier boards
- The role and boundaries of boards and management
- Board selection and board operations
- Alternatives in board governance (voting and consensus)
- Coordination and collaboration between board and owners
- Typical policies and allocation of earnings between distributions, compensation and reinvestment.

By the end of this module you should be able to:

- Identify and explain the differences between unitary boards and two-tier boards
- Describe and compare the roles and boundaries of the board versus management
- Demonstrate a mature understanding of the need for a well-drawn board agenda and the importance of agenda cycles for effective decision making
- Articulate the arguments for and against operating a board by majority rule or by consensus, considering that different situations might call for different voting thresholds
- Explain ways in which the board and the owners' council can co-operate and consult to translate the Shared Purpose and vision into strategy
- Recognise the nuances of allocating earnings within a family business
- Identify different examples of board policies and demonstrate a mature recognition that policies should reflect the circumstances and needs of each family business system.



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