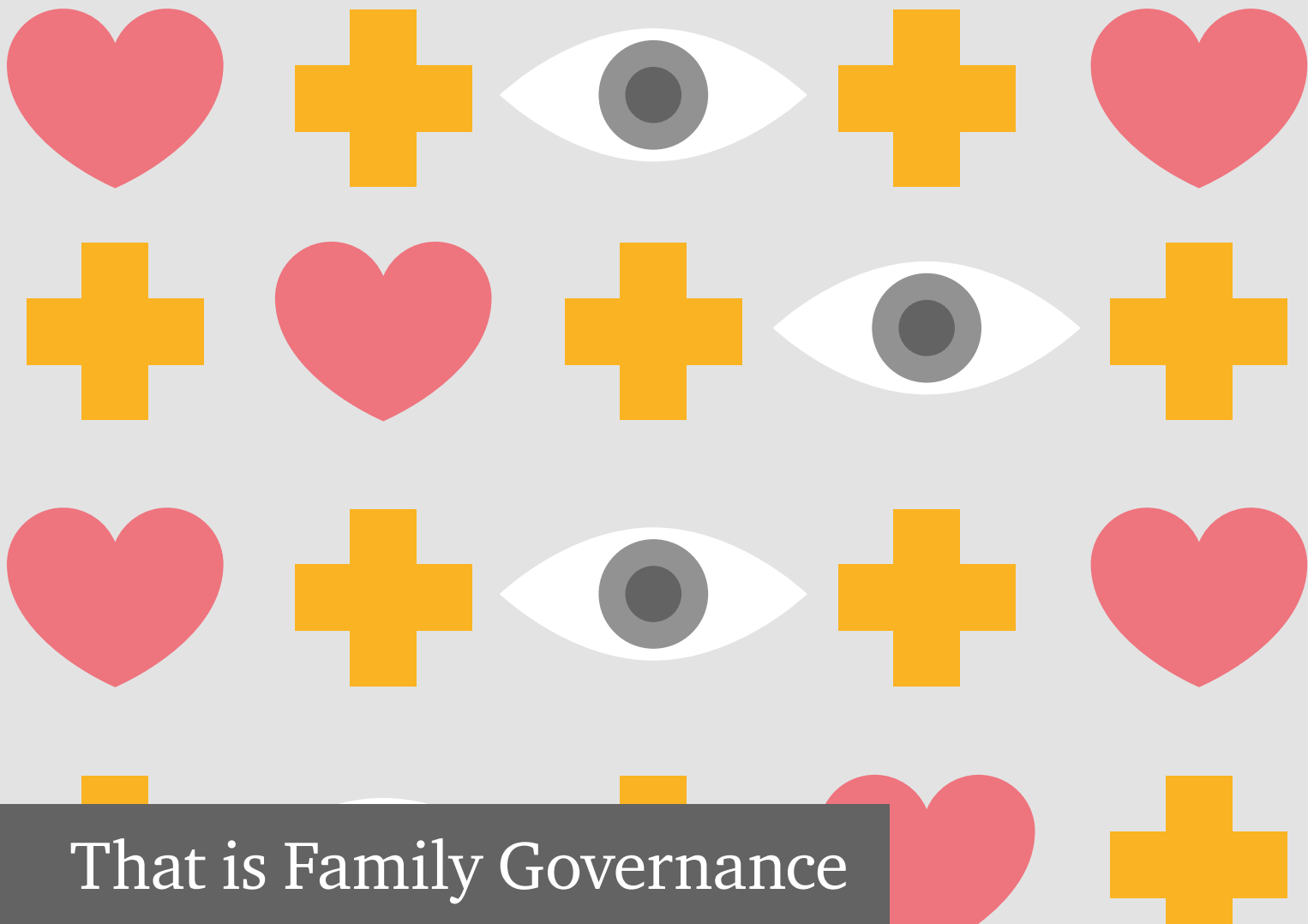




It's never too soon  
to safeguard  
your future

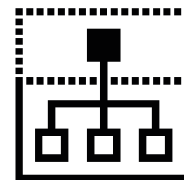


**Family Governance  
in Family Businesses**



Today's competitive environment is extremely demanding. You have to pursue classic strategic goals and make quick and correct decisions. Now this is more important than ever before – particularly with family businesses. It's your company's strongest resource and also its biggest weakness. It can serve as the driving force behind your long-term success. Or it can tear your company apart, such as when members fight or fail to agree on common goals. Professional family governance allows you to prevent this. How?

Family governance provides your family-owned business with a strategic framework and mechanisms for resolving conflicts. It ensures that members of your family know how your company functions and what makes it special. It means that everyone involved understands the economic interrelationships in the company and can speak in a competent and responsible manner when it comes to the essential strategic decisions taken by the company's owners. In this way, the entire owner family contributes towards its healthy development.



### Managing a company versus managing a family

**Business Governance** maps the responsible management and control of a company. This requires clear management structures and professionally organised control bodies like the board of directors. Family governance places your owner family at the core. It creates a clear distribution of roles as well as decision-making structures. This strengthens the sense of unity among the members of your owner family and their long-term identification with the family business.

## Foundations for strong Family Governance

Your family governance will be based on a jointly developed and documented ownership strategy. It will help you to bring together business and family interests under one roof and set the guidelines for a family business that's fit for the future.

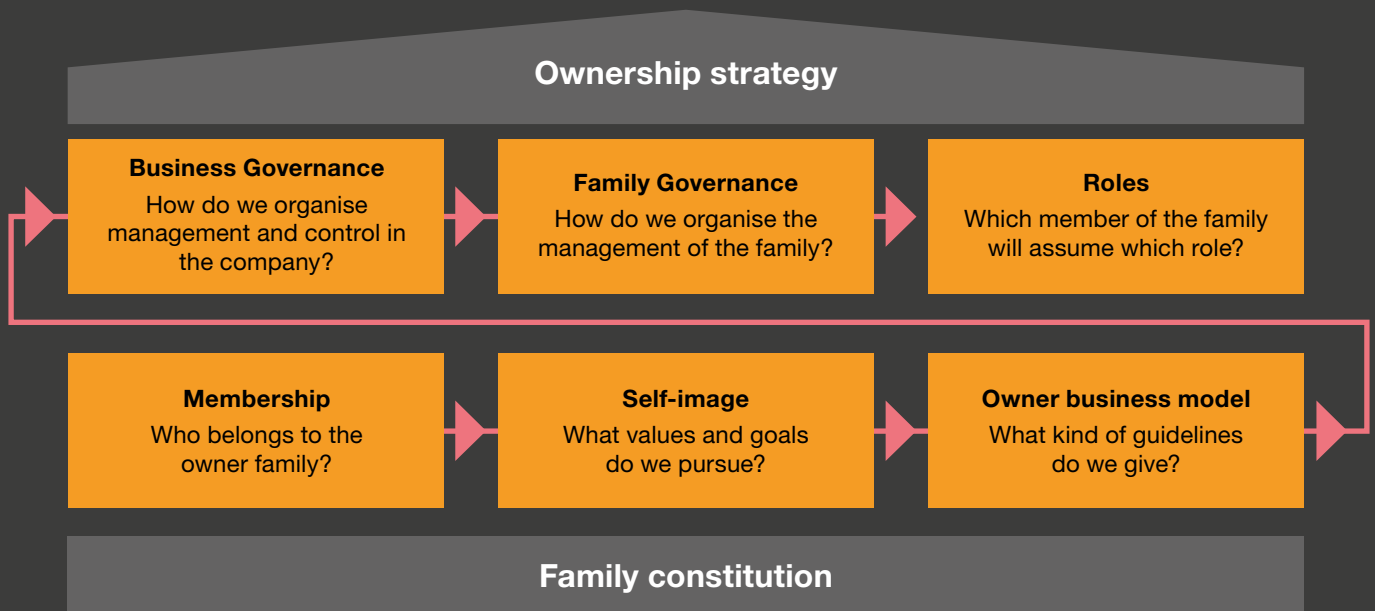
But there isn't a one-size-fits-all ownership strategy, because every family business is as unique as its owners. Time, generation, level of development, sales markets and personalities – they all shape and change the company. Against this background, there are various issues and questions which your family must tackle as company owners:

- How and when will we pass on our company to the next generation?
- How will we manage the growing diversity and heterogeneous nature of our ownership structure?
- What objectives do we as a family wish to achieve? And what values do we want to establish?
- Which financing strategy do we pursue for the company?
- How do we reach decisions about the involvement of family members?
- How do we handle the issues of remuneration, dividend payments and share transfer?
- How do we deal with one another within the family?
- How do we ensure solidarity within our family?
- What is our protocol for conflicts?
- What roles are there within the family and in the company? Who assumes them?
- How can we involve the next generation early on and make sure they'll be ready and capable of taking over one day?
- Is our company able to deal with succession – or what do we need for it?

With a structured process, we help you to address all relevant topics and questions and to find long-term solutions.



# From ownership strategy to family constitution



## Family constitution with principles of conduct

The jointly developed ownership strategy is set down in writing in a family constitution or charter. The family constitution has the characteristics of a code of conduct, which means it isn't legally binding. But it acquires a binding quality as a result of joint drafting, which often has a much more comprehensive effect than any shareholders' agreement. This also creates a moral obligation towards dialogue groups like employees or management bodies outside the family, since principles of conduct as well as rules on decision-making, membership and the succession process are clearly and comprehensibly regulated.







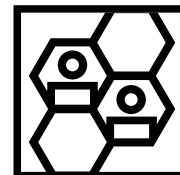
## Succession planning

It always hits close to the heart when a business changes ownership. But it doesn't have to be upsetting.

A family business is a generational project. This means not only that several generations are involved but also that it's intended to operate successfully throughout the generations. The change of generations is one of the biggest and most difficult tasks an owner has to perform.

For a seamless and smooth succession, you need a coherent strategy. It's better for entrepreneurs to develop this strategy not behind closed doors, but in dialogue with all stakeholders. This requires foresight, tact and moderation skills.

We work with you to develop a succession strategy that takes leadership, ownership and the family into account. In a structured process, we develop a concrete action plan that provides clarity for all parties involved and navigates you through the process. We help you to approach your succession planning systematically and to master the difficult balancing act between company and family interests. We consider the perspective of both the transferor and the transferee and we moderate the discussion and decision-making process.



### Possible topics related to the transition from one generation to the next that we can support you with

- Moderation of your succession strategy process
- Moderation of the internal family discussion on management succession
- Creation of a leadership development plan for potential successors
- Adjustment of the company's organisational structure to make it ready to be transferred
- Legal and tax structuring of the succession
- Networking young successors with other NextGens from family businesses

## Step by step in the best of company

With our many years of experience as consultants, moderators and mediators, we accompany you in developing your owner strategy, family constitution or succession strategy into a cohesive whole. In doing so, we help you to preserve the values of your business family and to position your company for the future.

We also assist with implementation matters, like reviewing existing contracts. If required, we bring selected experts to the table who translate your results from the owner strategy process into optimal legal and tax models and concepts – domestically and internationally.

1

We can serve as your **sparring partner** to question your usual methods, ask critical questions, challenge you and consolidate differing positions. In doing so, we establish an **open and respectful atmosphere** which is essential for dealing with difficult topics. During this dialogue, we include approaches from a number of other family constellations.

2

We also help you to set up guiding principles for making decisions on the way to creating your ownership strategy. In the process, we rely on proven methods and our extensive experience in order to improve your understanding of governance structures and their forms. Together with you, we'll **define rules suitable to the roles of everyone** involved and show you how to work with your family's dynamics and resolve conflicts.

3

At the end of the ownership strategy process, your family will have developed a **clear structure and concrete content for your family constitution**. We'll also help you set up a realistic time-table for implementing the individual components of your governance. Based on your ownership strategy, you can now draw up your family constitution.

4

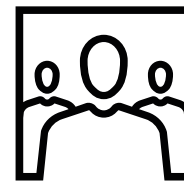
**Implementing your ownership strategy** will create more tasks for you: reviewing existing contracts, translating the results from the ownership strategy process into legal and tax solutions, implementing family education programmes for family members or setting up a family office. You can count on our full support in all these areas.

5

It's highly likely that succession will become a topic you need to address. We moderate your **succession strategy process**, support you in developing a suitable training programme for potential successors and help flesh out a corporate structure that can be passed on. And finally, we'll actively support you in setting up both the legal and tax aspects of your succession.

6

Successors need an **exchange with likeminded people** outside the family business. With our **NextGen and YoungLeaders Club**, we offer a dedicated platform with exclusive events and workshops: [www.pwc.ch/nextgen](http://www.pwc.ch/nextgen).



## PwC NextGen & YoungLeaders Club for Family Businesses

### NextGen & YoungLeaders Club

Within the framework of this exclusive platform, young and aspiring entrepreneurs meet in a relaxed and informal atmosphere. It's a place where they can exchange ideas, enjoy a shared experience and expand their entrepreneurial network. The PwC NextGen & YoungLeaders Club has over 100 members from family businesses.

More at [www.pwc.ch/nextgen](http://www.pwc.ch/nextgen).



## Family Governance: book a free location analysis

As the owner of a family business, securing the future is crucial for you. And an emotional undertaking as well. Unfortunately, only one in four family businesses has implemented family governance instruments. We'd be happy to discuss the implications of this important topic with you. We can show you why an ownership strategy is so important and what you need to do to create one. If you're interested in finding out more, contact Mr Reto Blaser, [reto.blaser@pwc.ch](mailto:reto.blaser@pwc.ch), for a no-obligation discussion.



# Pleased to assist you. Because we understand what matters to you.

**We advise and support you regardless of company size, area of activity and ownership or management structures. From strategy to succession planning or structuring of family assets, we support you with our expertise and experience. Because we understand your goals and values. In this way, we create solutions that take both business and personal aspects into account. Working together with you, we'll find the ideal balance between the past and the future.**

**We're happy to help.**



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