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Build a Family Governance Talent Pipeline Before You Need One

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Don't wait for a vacancy. Prepare family members now — through education, mentoring, clear expectations, and hands-on experience — to serve on boards, family councils, and committees.

Family members serving in governance roles can be an incredible asset to the family enterprise system. Family directors typically bring a deep understanding of business and family values, culture, and history -- and can therefore provide guidance and oversight that aligns with the past as well as the shareholders' envisioned future. Those serving in governance coordinate the interface between ownership and enterprise, facilitate tricky conversations, coordinate family gatherings, and arrange educational activities and engagement opportunities for the next generation.

Sadly, family members don't always manage to successfully perform their various governance roles. Sometimes a family director lacks basic financial literacy or a sound understanding of governance boundaries, or a family council member embraces partial views favoring individual preferences rather than collective wishes of the family. Boards or family councils can become dysfunctional because of toxic family dynamics; such governing bodies drive away the best talent.

We've seen that families don't end up with the best talent for these important roles unless they have a transparent, rigorous, and sensible process to educate and develop, identify, select and elect, onboard, evaluate, and eventually offboard family members suited for governance. This article discusses both the most useful capabilities for family members taking on governance roles, as well as a sensible process for developing a pool of talented and motivated family members for governance service.

Key Capabilities

Through our work with families, we've found that these skills are almost universally beneficial for both business and family governance roles:

Character and stewardship: Good governance starts with people who put the long-term interests of the collective – the enterprise and the family – ahead of their own. Integrity, sound judgment, discretion, a sense of responsibility toward future generations, and the willingness to consider perspectives beyond one's own branch or immediate interests are key qualities for any family governance role.

Skills and experience: Any governance role requires real competence. For a family director, this includes (basic) financial literacy, some business and leadership experience, strategic thinking, and a sound understanding of the role of a board and the boundaries between governance and management. Family council members need a deep knowledge of the family enterprise and ownership system, family governance practices, and the council's role and responsibilities. Relevant experience for either can be developed in many places — for example, through a career outside the family enterprise, work within it, service on other boards or committees, or increasingly responsible roles within family governance itself (e.g., committees).

Interpersonal capability: The ability to listen, ask good questions, communicate clearly, disagree constructively, receive feedback, and work productively with people who hold different views is critical. For family council members in particular, facilitation, empathy, trust-building, and the ability to navigate difficult family conversations are every bit as important as technical expertise.

Credibility: This means having the confidence of the people they represent and serve. They don’t need to be the most popular person in the family, but they should be viewed as thoughtful, fair, dependable, and capable by many (if not most). For family directors, credibility also needs to extend to fellow directors and management; for family council members, trust across generations and family branches is particularly important.

Motivation and capacity: Someone can have all the right capabilities and still be the wrong candidate if they cannot (or do not want to) devote sufficient time and energy to their role. Families should consider why someone wants to serve, whether they understand what the role really entails, whether they are willing to prepare for it, and whether they can fulfill its responsibilities. Many families are unclear about the time commitment associated with governance roles and end up with people who don't honor their commitment, leading to conflict down the road.

Of course, all of these skills and characteristics sound reasonable – but the problem is: What do they mean in reality, and how do we operationalize (measure, assess) them in the context of the governance roles? That’s typically where families fall short – They do not put in place a system to assess family members’ performance in (particularly family) governance roles, creating ambiguity and preventing growth and development. Families must define what they expect from their governance representatives, particularly when trust is already an issue. The more concrete we can be about the requirements for individual roles, the less ambiguity in assessing people against them, and the more family members know what they need to do to prepare with intention.

Developing the Family Talent Pool

A sensible process to establish a family talent pool for governance service – a family governance pipeline, so to speak – starts with being crystal clear about the capabilities required to serve. Once there is clarity around that, we can begin to think about the best process to engage, educate, identify, select, elect, onboard, assess, and eventually offboard family members for governance roles.

Engage: Be clear about what governance opportunities exist and what is expected of those who pursue them. Families should talk openly (and frequently!) about how family members can contribute to governance, what various roles entail, what capabilities are required, and how the selection and election process works – and why it’s important that family members get involved. By talking about governance opportunities early and often, families give people time to become interested and ask questions before a decision is required.

Educate: Consider offering a governance learning path not only to the handful of people who expressed an interest in serving, but also to the broader family. At a minimum, family members benefit from a shared foundation of knowledge about the family and its history; the enterprise and how it creates value; ownership and the rights and responsibilities that come with it; governance and the respective roles of owners, boards, management, and family governance bodies; and the meaning of stewardship. Effective communication, decision-making, and conflict management are equally important parts of such a family learning journey. Some families build formal family education programs, while others use a combination of workshops, family meetings, outside courses, site visits, and informal conversations with board or council members.

Identify: Learning sessions or small assignments give family members opportunities to demonstrate their interest and capabilities. They might participate in a family council committee, work on a family project, help organize an educational program, observe a board or council meeting, or take on another defined assignment. Existing governance role holders can get to know potential candidates through these interactions, and the family members get a much better sense of what the work actually means. Over time, this helps a family identify a broader pool of motivated and capable people rather than scrambling to find a candidate when a vacancy arises.

Select and elect: When a governance role does become available, there should be a clear process for moving from a pool of potential candidates to the person or people ultimately put forward for election. Families must determine in advance how one can express interest or nominate oneself or other candidates, and what the process for assessing and electing candidates looks like. Depending on the role and family, an assessment might include conversations with existing

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governance leaders or feedback from people who have worked with the candidate, or a more formal assessment process. The most important thing is that the process is understood by all and applied consistently.

Onboard: Even a highly capable and experienced family member needs to learn how a particular board, family council, or committee operates. A thoughtful onboarding process clarifies the role's responsibilities and expectations, governance boundaries, decision-making processes, meeting norms, and relationships with other parts of the family enterprise system. Board and family council observation programs are also a fantastic way to prepare people for governance service, as is pairing a new member with a more experienced mentor.

Assess and develop: Have a transparent process for periodically assessing everyone who serves in a governance role (not just those whose performance is causing concern). Assessments should connect directly to the expectations and capabilities defined for the role — for example, Is the person prepared for meetings? Do they contribute constructively? Are they fulfilling the commitments they made when they accepted the role? Regular feedback gives people an opportunity to improve and makes development a normal part of governance service rather than something that happens when there is a problem.

Offboard: Clear terms and term limits make transitions expected rather than personal and systematically create opportunities for new family talent to enter the system. At times someone may need to leave a role because expectations are repeatedly not met. Those situations are, or course, more difficult, which is another reason why clearly defined expectations and regular feedback matter so much. And because these are family systems, the way someone leaves matters. Transitions should be handled transparently and respectfully, recognizing an individual's contributions and, where appropriate, helping them identify other meaningful ways to participate in family life or the enterprise.

Final Thoughts

If done well, a thoughtful process creates a renewable pool of family talent: family members who understand their roles as owners and stewards, have opportunities to discover where they can contribute, know what is expected if they want to serve, and have a pathway to develop the capabilities they need.

Not everyone who participates in the process will (or should, for that matter) end up in a governance role. But everyone can become a more informed and engaged owner, and the family is much less likely to find itself asking, when an important role suddenly becomes vacant, "Who on earth can we put in this seat?"

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