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Family enterprise board chairs

A blueprint for impact

The boards of family enterprises have the same governance responsibilities as boards in other companies. But they must also respond to a range of additional challenges that make their job more difficult. This article looks at the role of family boards and presents a framework for understanding whether they are delivering value for their owners and wider stakeholders.

It is natural and not unreasonable to assume that when a business is successful, its board must be doing a good job. The reality, in our experience, is not quite so straightforward, especially in the case of family enterprise boards.

Of course, the success of a family enterprise can be down to a range of factors including, for example, a highly talented and charismatic founder who is the CEO or board chair, favorable market or funding conditions, an established brand or reputation that attracts a highly motivated and talented workforce, as well as an effective board.

In fact, it is perfectly possible for an organization's success to be masking the shortcomings of its board. Based on our work, this is particularly relevant to the boardrooms of family enterprises, where the unique combination of heritage, personality and, very often, lack of external expertise and opinion can give rise to dysfunctional and ineffective boards, dominated by a single individual or axis of individuals.

Why the boards of family enterprises matter

In simple terms, the purpose of a family enterprise board is to secure the future of the business and to preserve the family's legacy. All boards give consideration to future sustainability but, with potentially generations of livelihoods depending on the success of a family enterprise, the responsibility to govern with impact and to safeguard the future is especially acute for family boards. Boards do this by defining, nurturing, and protecting three key enterprise-wide outcomes.

- **A values-based enterprise culture** – expressing, operating, and living by a shared set of values and behaviors that align to the family's values, vision, and purpose.
- **Strong organizational performance** – successfully achieving the family's vision and priorities for the business, including financial targets and plans for growth.
- **Effective control** – establishing and applying robust systems and processes that protect the family's assets and reputation.

When boards successfully deliver against these three outcomes, they are more likely to be trusted by the family owners, as well as other shareholders and stakeholders.

Legacy and sustainability should ultimately be the two key areas of focus of every family enterprise board and the effectiveness and impact of the board should be of concern to all those touched by the business. Serving on a family enterprise board brings with it a significant responsibility and requires much time and attention.

The nuances of family boards

In fulfilling their purposes and striving to add value to the wider family, other beneficiaries and stakeholders, family enterprise boards face certain challenges that are more pronounced for them than perhaps they are for the boards of other types of enterprise. These include:

- **Dominant personality** – this is especially relevant in family enterprises where the chair of the board can be very 'hands-on' and sometimes even operate as the de facto CEO. In many cases they may also be the founder of the enterprise and its institutional lodestone.
- **Succession planning** – ensuring that board members are motivated, relevant to the business and capable when typically selecting from within a narrowly defined group who may have limited experience outside the family enterprise.
- **Board dynamics vs. family dynamics** – separating board roles from family roles (historic and emotional baggage) can be difficult when individual board members may have grown up together, holidayed and played together, argued, and fought together, and been dominated or mentored by the founder.
- **Stakeholder engagement** – board members, especially those from the family, have an advocacy role to play as the liaison between the enterprise and the wider family. How they understand and execute this role is critical.
- **Family governance arrangements** – as the ownership transitions from the founder, family governance becomes increasingly important. Various forums such as a family office or family council may be established to support and manage the family's relationship with the business. Family enterprise boards need to understand the overall family governance structure, role of these forums and the matters reserved for their decision-making.
- **Generational shift** – inevitably, successive generations of family members will bring different perspectives, levels of commitment, and priorities to their engagement with the family enterprise. In simple terms, third or fourth-generation family members, who have been born into and grown up with comfort and wealth, think differently to the founding generation. They may engage differently with the enterprise's core business, have different views about how capital and risk should be managed, and may be more inclined to focus on current 'hot topics', such as ESG and digital, to guide investment opportunities than the founders.
- **Shaping innovation** – maintaining a legacy is often grounded in the successes of the past. In today's current environment where the pace of technological change and geopolitical landscape is constantly evolving, family enterprise boards need to balance focus on legacy and respecting traditions, with evolving and innovating in a manner which continues to uphold the family's values.

Understanding board impact

So how can we understand and measure a board's impact with some degree of consistency and objectivity given its purpose and against this backdrop of challenges? How can we separate the performance of the board from the performance of the enterprise and see clearly the value it adds?

One way of addressing this question is to examine the relationship between the board and other stakeholders, for instance, the executive and wider management, who typically largely consist of non-family members and who do not sit on the board but have a lot of exposure to it and are materially impacted by it. We observe that executives in organizations with high-impact boards will be able to describe initiatives and proposals that have changed for the better as a direct result of board-level scrutiny and dialogue. They can tell stories about how the advice and support that they have received from members of the board has demonstrably added value to their work. Similarly, family owners will be able to describe examples of how the board has furthered the interests of the family, effectively guided the business, or positively engaged with them through the family governance structure.

Boards can also have a negative or limited impact on their organizations. In these instances, executives complain of boards and board members that consume a lot of time and resources but fail to clearly advance management's thinking, decisions, or actions, acting as a brake on the business and preventing it from moving forward.

Based on our experience of advising, reviewing, and developing hundreds of boards over many years, we have developed a framework that uses people's experience of the board to understand and measure its impact. The framework is founded on the three key roles of any board, namely: stewardship; oversight; and accountability, each of which is explored further in table 1 below.

Table 1

1. Stewardship	2. Oversight	3. Accountability
• Provides strategic leadership to help ensure that the family enterprise's purpose, vision, and mission – including around legacy, sustainability and philanthropy – are clearly defined and articulated, 'owned' by management, and manifested in the activities of the enterprise and its people. • Clearly articulates and visibly role-models the values of the organization as defined by the founder(s), proactively nurtures, and protects its culture. • Selects and helps to develop the CEO and the wider management team. • Looks ahead and plans agendas to ensure that board members are focusing on the right areas at the right time, including actively scanning the commercial environment and the family circumstances for opportunities and risks. • Helps to develop effective governance arrangements, including ensuring the board has the right blend of skills, knowledge, and experience to govern well and seeking expertise and counsel from outside the family when required. • Engages in self-reflection, evaluation, learning and development, including recognizing and respecting the boundaries between governance and management in a family enterprise.	• Oversees performance, conduct and strategic execution of the enterprise through seeking assurance and holding management to account. • Works to ensure management provides appropriate information on a timely basis, including information that is accessible to non-experts. • Monitors compliance with obligations at various organizational levels. • Evaluates the performance of the CEO. • Oversees the risk framework and major risks to the enterprise. • Monitors adherence to, and the overall effectiveness of, the enterprises governance arrangements.	• Engages proactively and meaningfully with family owners, other beneficiaries, and key stakeholders and solicits feedback on the enterprise's activities and performance. • Openly and clearly explains the direction, performance and conduct of the organization. • Openly and clearly explains the impact that the board has had and the effectiveness of its governance arrangements.

The board impact framework: How does your board measure up?

On our framework, the impact of a board is measured along a continuum, from a -1 board that is destroying value to a +2 board that is adding value across all three roles (see table 2 for a description of each level).

In using the framework, we recommend a positive and consultative approach that encourages candid conversations with board members and those who are exposed to the workings and decisions of the board.

In applying this framework to many boards – including boards of family enterprises – we have found that very few reach and then consistently perform at level 2. But, importantly, those that do are better equipped to adapt to market changes, to evolve their business and to manage successions successfully, ultimately enabling the board to fulfil its purpose – securing the future of the enterprise for the generations to come and safeguarding the family's legacy.

Table 2

Level -1

The board consumes a lot of time and resources, distracting management from doing valuable work

- There are lots of requests by the board for further information and analysis that do not add value, require a lot of time and resources to service and restrict management from moving forward.
- Without just cause, the board is heavily focused on operational detail.
- Board members pursue personal 'hobby horses', revisiting 'settled' matters, diverting board time and limited management resources.
- The style of some board members is unhelpfully challenging, even aggressive, resulting in management not being transparent with the board and/or appearing defensive in meetings.
- The board is overly directional with management, blurring accountability for results and essentially running the business rather than governing it.

Level 0

The board is passive, simply ratifying what the chair of the board and/or management put before it and adds little or no value

- Meetings are treated as obligations to be endured rather than opportunities to explore, understand and add value.
- Board members are poorly prepared and have not read the board pack, asking questions that are answered in the papers.
- There is little or no scrutiny by the board and its committees of the board chair's and/or management's activities or proposals.
- If the board does scrutinize, the quality of that scrutiny is often poor with questions that are predictable, easy to answer and lacking in insight or foresight.
- Board members accept management reports without challenge and/or defer too easily to the view of the chair or the board member appointed to oversee a specific area.
- Most, if not all, agenda items requiring a decision by the board are approved first time and/or there is a reluctance to require management to do further work or provide further information before decisions are made.
- There is an overreliance on approving board business via email.
- There is poor attendance at board meetings by some board members, in particular, family members.
- Board meetings are cancelled at short notice.
- The voice of the wider family persistently echoes around the boardroom. The board gives time to, and exposes management to, long-standing family tensions, rivalries, and schisms.

Level 1

The board is effective in its oversight and accountability role, stopping bad things from happening

- Management know that they will be effectively and constructively held accountable by well-prepared and fully engaged board members, so they prepare well for board and committee meetings.
- Risks to the enterprise are spotted and mitigated through robust board dialogue.
- Poor performance is actively monitored at board level and rectified in a timely manner.
- While the board is respected, it is rare for management proposals to be significantly improved by the board.
- The board predominantly focuses on performance against KPIs and operational risks, as well as matters of compliance, regulation, and control.
- Board and committee agendas are shaped by management and/or the board chair with minimal or no input from board members.
- Management describes a hierarchical relationship with the board; a strong sense of 'reporting to' the board.
- Stakeholder engagement, including engagement with the wider family, tends to focus mainly on reporting against KPIs, risk management and mandatory updates.

Level 2

In addition to being effective at oversight and accountability, the board is effective in its stewardship role; enabling great things to happen

- There are clear examples of management proposals changing for the better as a result of board-level dialogue and enhanced understanding of the enterprise's purpose.
- Management describes board members sharing useful insights and opportunities with them based on their experience and network, including intelligence about market conditions and trends.
- The board and management work respectfully together, with management proactively seeking advice and helpful connections from board members outside of formal meetings.
- No one voice is dominant in the boardroom. The board chair ensures that all members of the board have an equal opportunity to meaningfully contribute to board matters.
- Management has a clear understanding of the board's priorities and expectations – including around vision and values, legacy and philanthropy – and responds accordingly.
- There is consensus at board-level and with management on the reasons why the organization is successful, and these reasons are monitored and protected.
- The board spends most of its time focused on matters of stewardship. These include discussions and decisions relating to organizational purpose, direction and strategic execution, appetite for risk, sustainability, culture, and talent.
- The board sets its own agenda with support from management.
- The board actively seeks to introduce external expertise and insight to further the aims of the enterprise and board members themselves are engaged in broadening their own understanding and capabilities.
- The board is visible and proactively engages with owners and stakeholders, internal and external, to determine strategic priorities and to seek their feedback on how governance can be improved.
- The board spends sufficient informal time together to get to know one another better and to build trust.
- The board has 'retreats' and 'away days' with good attendance and engagement from board members and, where appropriate, management.
- Succession planning and preparing family members for future board membership is an active priority.

We hope you find this Board Impact Framework a useful way of understanding the impact of your board. Please let us know your experiences of using it and how it might be improved. In subsequent pieces, we will explore the makeup of impactful board members and the role of the chair within family enterprises.

Based on our experience of working with many boards over the last 20 years, including the boards of family enterprises, we've come to a simple but powerful conclusion: around 70% of a board's effectiveness, and therefore impact, is down to having an effective chair – and conversely, 70% of a board's lack of impact is down to having an ineffective chair.

The position of board chair is the pinnacle of status within any organization, typically taken by a distinguished individual who commands respect linked to their experience, who understands the family heritage, and whose authority and integrity within the business or sector is beyond question.

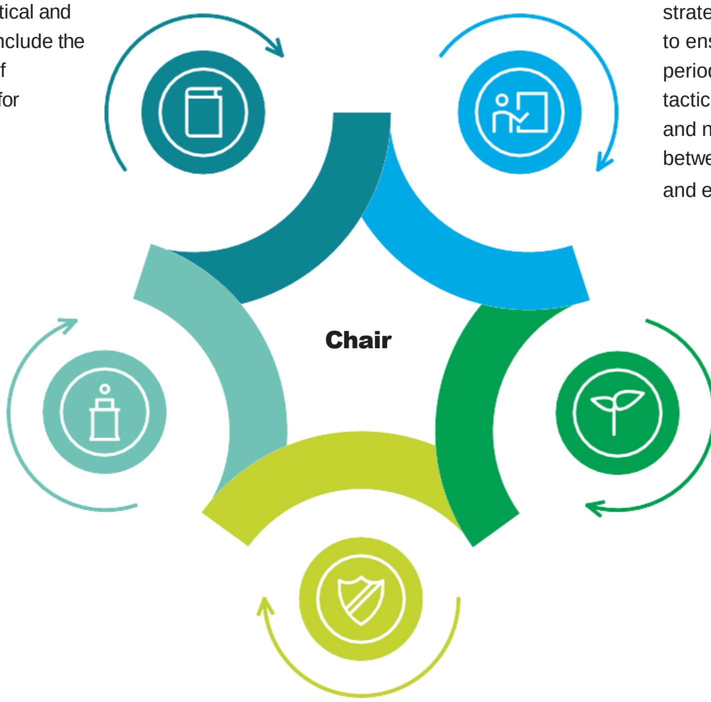
In family enterprises, that is very often the founder – and, given the way succession works in family businesses, they may hold that role for a very long time.

However, all too often, chairs and board members have a skewed understanding of what the role of a board chair is really about and, by extension, of the qualities and behaviors it takes to excel in that role. Having previously looked at the characteristics of high-impact boards and effective board members in family enterprises, this third article in our series focuses on the board chair – the figurehead of the business and the ultimate custodian of good governance.

An effective chair

The role of the chair has been covered extensively by business journals and commentators and it is not our intention to reprise the entire canon of advice and observation here. Figure 1 provides an overview of how we at Deloitte view the chair's role, based on extensive interviews with leading board chairs across many sectors (Chair of the Future report). This article focuses specifically on chairs of family boards and, though the role and the way it is fulfilled may vary from enterprise to enterprise, there are some guiding principles that, in our experience, all family board chairs should understand and seek to model – not least because it is usually when they are overlooked that things start to go wrong.

Figure 1. The role of a board chair



Company ambassador
Represents the company in society and engages with shareholders and stakeholders, including political and regulatory. Key messages include the need to adopt a narrative of responsible value creation for multiple stakeholders.

Strategy provocateur
Provoke and challenge the CEO and executive team to develop a longer term strategy with appropriate horizon scanning to ensure longevity of the company. Apply periodic reviews of both strategic and tactical plans to respond to pace of change and new disrupters. Ensure alignment between the board and executive.

Board conductor
Establishes the board composition with the right skills and experiences which are fit for the future. Sets the board agenda and facilitates effective board conversations by harnessing the talents and energy contributed by each of the individual directors.

Culture and talent cultivator
Culture and talent cultivator
Ensures the company is led by a strong CEO and executive team by providing support and challenge. Keeps a pulse on company culture across the workforce while providing deliberate support to leadership development and succession planning, beyond simply the CEO.

Guardian
Guard stakeholder interests by protecting the company's reputation, performance and shareholder value. Ensure a leadership culture that upholds a high standard of ethics and complies with good governance practices.

The chair is not the CEO's boss

If there is one issue that we come across more than any other in family businesses, it is chairs seeing themselves as the CEO's line manager and behaving accordingly. The issue is particularly acute in family businesses because the chair is very often the business founder or the second-generation leader, now retired from frontline management but still keen to play an active role in the business. However, the role of chair is of a fundamentally different order to that of CEO, with different responsibilities and requiring a different mindset, together with different behaviors.

This adjustment is especially hard for founder-chairs: they've built the business, probably had the big ideas that led to its creation and have played a crucial role in all the major decisions along the way. They will inevitably feel proprietorial about the business and a continuing sense of ownership of its spirit, particularly where this is accompanied by continued actual ownership in the form of a shareholding.

But, the chair must separate themself from the operational chain of command. If they can't or won't do this, the CEO doesn't stand a chance of running the business and will end up as a dissatisfied but expensive assistant to the chair. Of course, this presumes that the role of CEO and chair have been separated. As we will explore in this article, one of the chief roles and benefits of an effective chair is to provide informed support and positive challenge to the CEO. Some family enterprises, however, favor the hybrid executive-chair model. In such cases, it is vital that the executive chair develops the habit of critical and unflinching self-reflection and ensures that there are people around them from whom they regularly and proactively seek personal feedback.

Clarity about the chair and CEO's roles matters

One of the chair's most important priorities is to establish an effective relationship with the CEO. If this is not sorted out early and definitively, our experience shows that it doesn't really matter what the chair does next, it is unlikely to work.

It is not very common in publicly listed companies for the chair to have been the CEO and/or the business founder. It is also the case that, unlike founder-chairs in family enterprises, most chairs of public companies are recruited into the role, having spent their careers working in a number of different businesses and, perhaps, a number of sectors. This experience gives them an independence of mind that can be powerful, allowing them to focus on governing in its truest sense.

In family enterprises, if the chair is unable or unwilling to change their mindset and continues to think and behave like a CEO, the risk is that lines of accountability become blurred: who is actually making decisions – the CEO or the chair? When this happens, it becomes impossible for the board as a whole to hold the CEO accountable for performance and results.

One way to address this is to draw up a charter for chairs and CEOs – a formal delineation of their respective roles and what lies within each individual's purview. We've seen numerous family enterprises do this but, whether the process goes as far as a formal charter or not, what really matters is the discussion around, and explicit acknowledgement of, the boundaries between the two roles, and regular and open dialogue with the CEO. The chair-CEO relationship is at its most effective when it is based on trust and respect.

Chairs are first among equals

It is important to emphasize that the chair is also a board member, just like the others, and that they have the same duties and responsibilities as the other members. Their responsibilities as chair are additional rather than alternative. Those additional responsibilities center on being the leader or conductor of the board – with ultimate responsibility for its composition and performance – and having primacy in terms of contact with the CEO and stakeholder advocacy. And, of course, they must chair the board meetings, which is a particular skill in itself and where their role as conductor is most visible.

The role of chair is of a fundamentally different order to that of CEO, with different responsibilities and requiring a different mindset and behaviors.

Chairs are stakeholder-advocates in chief

In family enterprises, sustainability and legacy should be at the heart of every board member's thinking and activity, and especially the chair's. Safeguarding the brand, values and the reputation of the business is fundamental to the chair's role, but so is ensuring that there is a viable and authentic pathway forward for the family enterprise. In this way, board chairs help to bridge between the past and the future.

In our experience, chairs, more than anyone else, are the conduit between the wider family and the enterprise. It is very common for the chair of a family enterprise to be the 'head of the family', and, in this respect, the role and its occupant are quite different from the chair of most publicly listed companies. Chairs of family enterprises are likely to have long and close relationships with the business's key stakeholders and fellow directors; they will have been on holiday with them, celebrated key dates and festivals with them, and seen many of them through childhood and personal milestones.

It is therefore important that chairs of family enterprises are both able to draw on the knowledge they have of family members' concerns and wishes, and simultaneously to set aside any personal prejudices and historic tensions they may harbor. Where a family business spans multiple generations, these issues are often more pronounced, posing greater challenge to chairs. In our experience, it is often more-distant relatives around which the issues tend to revolve, though, as successive TV and film dramas remind us, no one should discount the disruptive potential of sibling rivalries. The prevailing shift towards stakeholder-centric governance means that attention should also be given to stakeholders beyond shareholders. It's a difficult balancing act, but effective chairs recognize the importance of family dynamics and stakeholder advocacy and work hard to keep their personal views out of their professional role.

Succession and transition are pivotal

In any family enterprise, the retirement of the founder from active management of the business is a pivotal moment and how the succession is managed will play a significant role in defining sustainability and legacy for the next generation and beyond. These moments are loaded with additional significance since in most cases the incoming CEO is one of the founder's adult children. But which one, and how does the chair lead the board in determining who is best suited to the role? Wind forwards a decade or so and the board will face a similar challenge when the founder chair decides to step down.

Founder chairs and their boards have a further challenge with which to contend. Even if a founder is successful in letting go of their CEO mindset and adopting a chair's mentality, the directors and executives of the business may continue to see them as the ultimate arbiter – particularly in the boardroom. Having been successful in establishing the business, the founder chair's word is demonstrably sound, and, in all likelihood, they are the CEO's father or mother, and the parent of at least some of the directors, with all the respect and deference accorded by that status. Additionally, in some cultures, it is regarded as disrespectful to challenge a parent or elder in the presence of others, or even to demur from their viewpoint, making it doubly important that in family enterprise board meetings chairs hold back from opining until others have had their say or risk never hearing a full range of opinions.

We have summarized the characteristics of effective and ineffective chairs in Figure 2.

It is important that chairs hold back from opining until others have had their say, or risk never hearing a full range of opinions.

Figure 2: The anatomy of an effective family enterprise chair

Effective chairs are (or should be):	Effective chairs are not (or should not be):
• Facilitators of the board as a whole and the champion of its effectiveness • The family and broader stakeholders' chief advocate within the boardroom • The last to speak on any given issue • Appointed for their ability to fulfil the role of chair • The tone setter for the organization and the person who brings its vision and values to life • Passionate about board effectiveness, including diverse board composition, succession and development	• The CEO's boss • The loudest or most important voice in the room • Appointed to continue running the business from the boardroom

A framework for family enterprise chairs

Having looked at some of the challenges that chairs of family enterprise boards must address, let's look at how these insights can be used to drive strategies for success in the role. In the remainder of this article we set out a blueprint for chairs based on: 1) focusing on what matters; 2) doing what works; and 3) being curious, humble and passionate about impact.

01. Focus on what matters

Develop and maintain the CEO axis

This should be a chair's number one priority. It's both the most important and the hardest aspect of the role since, in family enterprises in particular, it involves such an adjustment of mindset and such a delicate balance of trust, respect and thoughtful probing. In Impactful board members: Attributes that add value, we looked at establishing an atmosphere of psychological safety within the board – that applies equally to the chair-CEO relationship. And, even while the chair and CEO are developing and maintaining their relationship, the chair should also consider CEO succession as an always-live issue

Invest time in the board agenda and own it

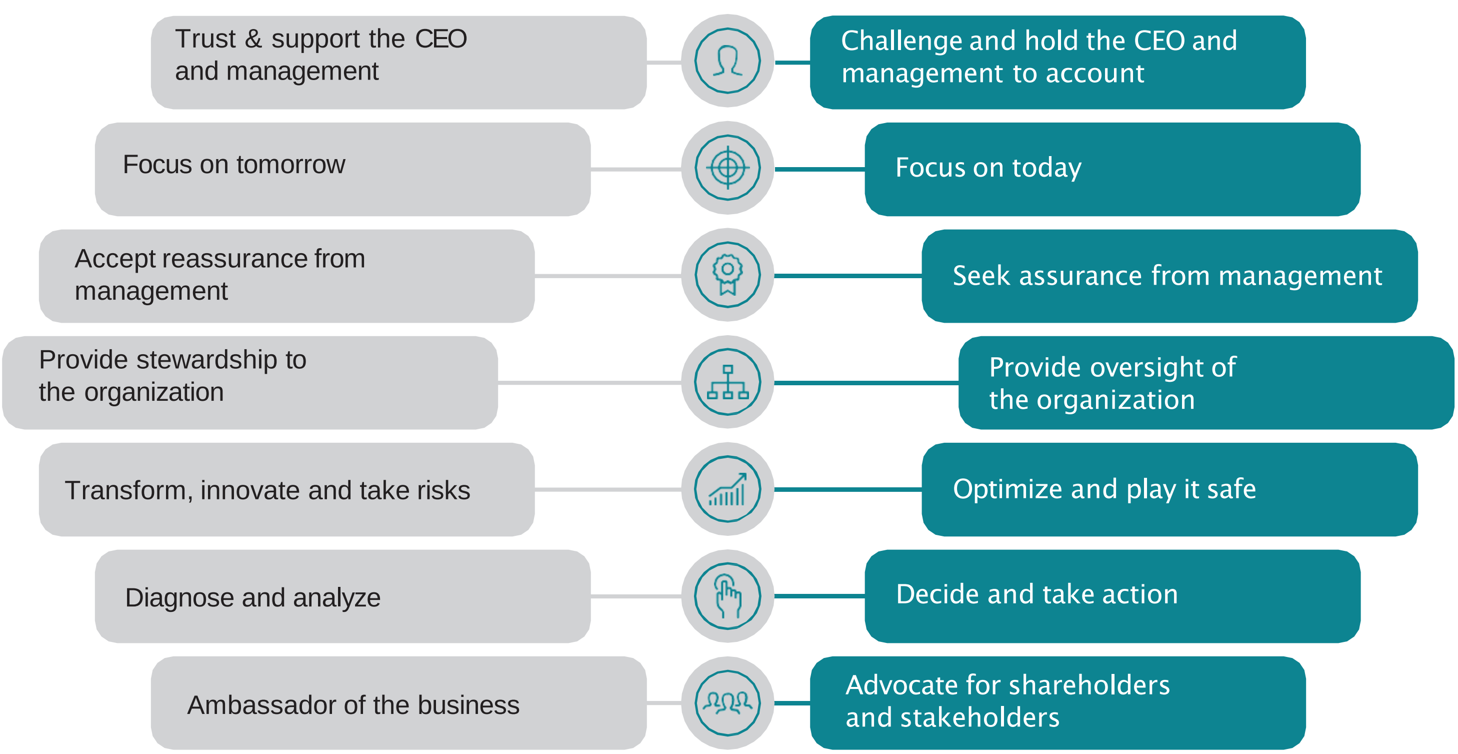
Effective chairs spend considerable time consulting with their fellow board members, the CEO and executive, and other stakeholders including staff and family members, to develop agendas that highlight strategic concerns, align with the core purpose of the family enterprise, and cultivate the desired culture. In this way, the chair can create a 'shared agenda' with the CEO where both the board and management are focusing on the same set of priorities but from the perspective of their respective roles. It's then up to the chair to steer the board – and individual board members – to give the agenda items the appropriate time and focus.

Stay on top of emerging themes

Freed from the day-to-day pressure of running the business, chairs are well placed to take a longer view. Indeed, it's arguably one of their most important duties as stewards of the business. Deloitte's Board Effectiveness and the Chair of the Future research, which sampled the views of more than 300 corporate chairs from 16 countries, indicates that chairs see their roles evolving and expanding as they adapt to new forces including higher public expectations in terms of ethics and sustainability – especially around net zero – greater care for employees, digitization, cyber-risk, and the emergence of AI.

These same forces are at play in family businesses, either directly through market and consumer pressures or through the changing concerns of family stakeholders and an evolving business purpose. Effective chairs will proactively explore emerging themes, consider their likely impact, consult with stakeholders, and allocate board resources to developing a coherent response.

Figure 3: Common board polarities for board chairs to manage



Build resilience and prepare for the unknown

The global pandemic has provided valuable evidence of the need for all businesses to prepare for crises. Unconstrained by day-to-day priorities, chairs are well-placed to encourage scenario planning and stress testing the enterprise's structures and processes, as well as considering issues such as employee safety and wellness during times of extreme pressure.

Manage polarities

Successful chairs are mindful of, and constantly balancing, multiple board-level polarities – interdependent but opposing priorities (see Figure 3 below). The simplest of these is the tension between focusing on the future and focusing on today. In family enterprises, where legacy and sustainability are such powerful drivers, this will also manifest in the tension between conservatism – optimizing and playing safe – and the need to innovate, transform and take risks. Effective chairs take time to understand board polarities, consult with stakeholders and communicate the ever-changing balance of priorities.

Be an ambassador and an advocate

A key polarity that board chairs need to manage is being both an ambassador of the business and an advocate for shareholders and stakeholders. The chair is the figurehead of the business and should use this status to reach out to stakeholders and represent the business and its long-term purpose and values, not just to family investors/beneficiaries but to external investors, staff, key customers and suppliers, and the wider community.

At the same time, by virtue of their separation from day-to-day management and decision making, chairs can have conversations with stakeholders – those running the business, being impacted by the business, and to whom the board is accountable – and gain insights that CEOs simply cannot. They can then bring these to the boardroom, not to undermine or circumvent the CEO but rather to provide greater and more nuanced understanding of the state of the business. From a governance perspective, this combination of formal and informal channels can be invaluable in highlighting issues that the executive is unaware of or has elected not to share with the board.

02. Do what works

Chair meetings of the board effectively

Chairs of boards have a very specific responsibility to run board meetings purposefully and collaboratively, and without dominating. It's the chair's job to get the best 'performance' out of the assembled talents. Chairs should recognize that running board meetings effectively is an important job in itself – one that draws on a very different skillset to, for example, running the company.

As well as being on top of the agenda and supporting papers, effective chairs should understand who will want to contribute on any given item, ensuring that all voices are heard appropriately, and be able to read the tone and body language of board members and executives to ensure that board dynamics are constructive.

Take responsibility for board composition and diversity

Irrespective of sector or industry, it's up to chairs to ensure that the board comprises individuals with the skills, experience and networks to both support and hold the executive to account in executing its strategy and mitigating its risks. This is especially relevant in family enterprises where some directors may have been appointed more in acknowledgement of their status or seniority within the family than in recognition of their suitability or expertise.

Chairs should also be mindful of the need for the board to represent and respond to diverse and changing perspectives. In this sense, a family board is no different to any other corporate board, except that it typically starts with a much more narrowly defined demographic – the family. To this end, where the family governance model allows, chairs should be willing to look beyond the family and actively seek out individuals whose experience with other organizations and sectors would bring new insights and perspectives to the boardroom. Chairs should also develop and oversee a comprehensive onboarding process to ensure that members truly understand the vision and values of the family enterprise, the underlying concerns of the family stakeholders and the needs of other stakeholders.

Create an inclusive and safe atmosphere at board level

We've already looked at how chairs are the cultural lodestones of the family enterprise, especially when they are the founders. As well as having a vital role in setting and modelling the values of the family enterprise, chairs also set the tone within the board room. Board members and business executives will be more open and perform better when they feel psychologically safe and able to contribute without fear of judgement or retribution.

It's up to chairs to ensure that the board has the skills, experience and networks to both support and hold the executive to account.

Establish and use committees

It may be an overstatement to say that board meetings are often more about ratifying decisions than making them, but it is certainly true that the effectiveness of boards can be significantly improved through the use of appropriately resourced committees.

Delegating tasks and areas of oversight to committees is a powerful way of amplifying the board's reach and improving its agility in addressing strategic issues, from regulatory and governance themes to talent retention and digital transformation. It's also a way of developing board talent for the future, especially with regards to the next generation, and ensuring that individuals feel engaged and valued.

Master good board reporting

It's up to chairs to ensure that board members receive high-quality information – board packs – relevant to the agenda and in good time to enable them to understand the issues and consider their responses ahead of meetings. Given the significance of the decisions shaped by the information contained in board packs, it should be a given that family enterprise boards make the quality of these packs a priority. Sadly, this is often not the case. In fact, in our experience, most board report writers have had little or no training in how to produce reports and present information. Chairs need to be clear about their expectations:

- Are the board packs appropriate in length and detail?
- Are the key messages and data clear?
- Are committees providing the right information in the right format?
- Is the information sufficiently strategic, is it too backward looking?
- Does the board pack support or obstruct good decision making?
- How are board packs shared and are they secure?
- What do board members think of the quality and value of their board packs?

Addressing these questions and considering board reporting in the context of the decisions it drives should help chairs to appreciate the value good reporting can add – and the risk and waste associated with poor reporting.

03. Be curious, humble and passionate about impact

Cultivate the qualities of an effective chair

In addition to the attributes we have previously highlighted in our second article in this series, Impactful Board Members: Attributes that add value, chairs should have, or seek to develop, and model two qualities in particular: humility and intellectual curiosity.

As we've seen, it's easy for founder chairs to allow their status and the respect and deference it attracts to constrain debate and challenge and to shut down creative or divergent thinking. Chairs should push against this; leave their egos at the door

A chair's separation from the minutiae of everyday business ought to free up bandwidth to ask questions. Rather than continually revisiting past success, their focus should be on how the executive is approaching the opportunities and challenges of the future, including listening to the insights the next generation can bring to evolve and sustain the business in the changing political, commercial, and environmental landscape.

The culture to evolve

Chairs of family enterprises, especially when they are also founders, have an acute sense of the culture of the business. They have forged it and it invariably reflects some of their personal values. However, while values may be constant, cultures must evolve over time to reflect changing strategy and risks. Chairs, working closely with the CEO and executive, should seek to understand and support any cultural shifts demanded by the changing focus of the business.

Chairs should seek to understand and support any cultural shifts demanded by the changing focus of the business.

Utilize the board impact framework and a board effectiveness framework

Chairs should be active in evaluating their board's performance and mindful of areas for improvement. In [Board impact: Understanding and measuring the impact of a family enterprise board] we provided a useful scale from -1 to 2 for evaluating board impact - the value that a board is providing - emphasizing that boards and their chairs ought to be constantly striving to achieve level 2.

Deloitte's Board Effectiveness Framework (see Figure 4 below) also provides a valuable model for mapping areas of focus to the three pillars of effective governance – stewardship, accountability and oversight. In family enterprises, chairs should encourage board members to have personal development plans that are relevant to their roles and, where board members have little or no external experience, explore addressing this either with training, mentoring and/or coaching.

Chairs, more than anyone else, are the conduit between the wider family and the enterprise.

Figure 4: A framework for assessing the effectiveness of a board

Board learning and evaluation
The board and committees, as well as individual board members, continually review and reflect on their impact and can evidence improvements as a result.

Chair leadership
The chair is an effective leader of the board and is supported by effective governance leadership from committee chairs and executive leadership from the CEO.

Board tone and dynamics
Board members operate effectively as a team, striking the right balance between trusting and challenging management.

Board reporting
The information received by board members is comprehensive, accurate, easy to understand, timely and relevant.

Board composition and talent
The board has the right balance of expertise and networks to govern effectively given the organization's purpose, strategy, risks and operating environment. Board member tenure and succession planning is kept under review. Each board member has a positive impact on the performance of the board.

Stakeholder engagement
The board communicates and engages meaningfully with its 'owners' and key stakeholders on a regular basis.

Governance structure
The committees and other governance forums that are in place to support the work of the board are appropriate, effective and efficient.

Board agenda and forward plan
The board's agenda and forward plan ensures that board members are focusing on the right topics at the right time. Board Effectiveness and Impact.

We hope you find this exploration of the chair's role in family enterprises and framework for effectiveness useful. Please let us know your experiences of using it and how it might be improved. In subsequent pieces, we will explore the makeup of impactful board members and the role of the chair within family enterprises.

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