

**Deloitte.**  
Private



**On the road to  
prosperity**  
Family Enterprise  
Consulting

“Our team works with the whole family to understand individual needs, aspirations and concerns. This helps us create a solid foundation for governance, delivering practical and sustainable solutions that enable families to achieve both their business and their personal ambitions for current and future generations.”





# Helping family enterprises flourish across generations

Deloitte's Family Enterprise Consulting team works with family-owned businesses and enterprising families to help them flourish across generations, commercially and in their family relationships.

We assist families with succession planning, family governance and next generation education and development. We help design family offices, develop family enterprise strategies and determine key decisions to be made at critical points.

When families work together in a business, investment portfolio or philanthropic enterprise, their ability to combine the long view with a foundation of trust is a distinct strategic advantage.

However, family enterprises also have distinct challenges. Not addressing or answering key questions that arise from such challenges can destabilize even the most successful enterprise:

- How do I work with my brothers and sisters when we are all so different?
- Will mum and dad ever retire?
- What is the role of shareholders who do not work in the business?
- How will my children oversee their investments and advisors?
- Who should be the next leader of the business?  
A family member?
- How do we avoid family conflict?
- How do we adapt and innovate while preserving our family values?



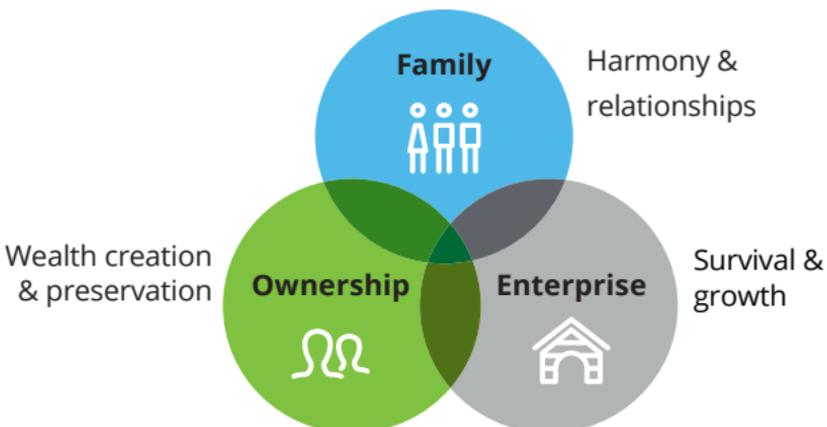
# Working with enterprising families

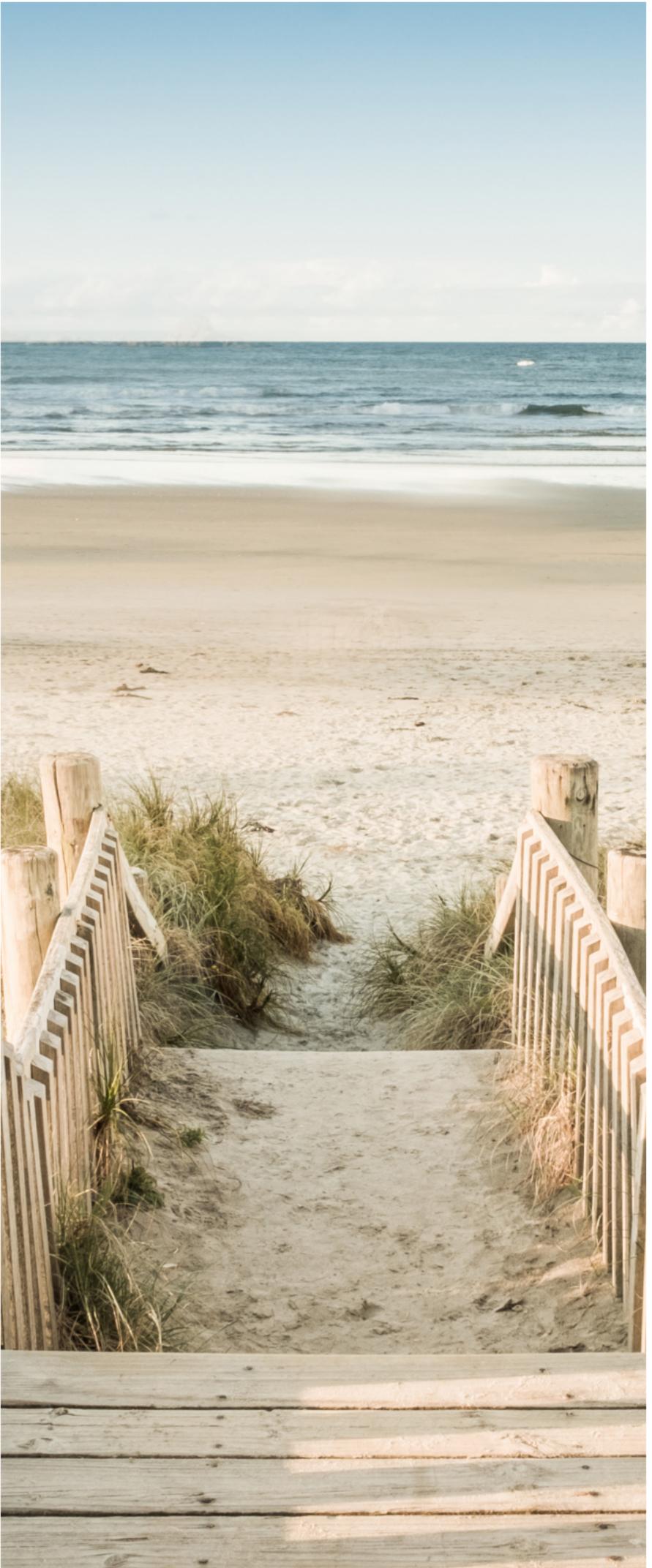
Family enterprises are particularly complex, facing not only business and investment decisions, but ownership succession issues, as well as family and other stakeholder relationships. Deloitte Family Enterprise Consulting takes a unique 'systems' view across these interdependent dimensions, as depicted in the diagram below.

To help a family create a sustainable long-term plan, not only must we understand the enterprise, we must also understand a family's particular culture, its dynamics and objectives. We therefore need to take into account its values, drivers and influences, which are just as important as commercial and financial considerations.

Our Family Enterprise Consulting team therefore starts every engagement with the family behind the enterprise, to identify, articulate and document the family's purpose and goals, well before considering structural or organizational changes.

As with their businesses and investments, the families behind enterprises come in all shapes and sizes. Our clients large and small, cover the family spectrum from first-to-second-generation businesses grappling with the transition from being founder-led to sibling-managed, all the way to businesses or family offices controlled by multi-generational networks of cousins.





“Properly designed and implemented family governance structures set boundaries, create clarity, and provide for greater harmony, a more focused business, and easier transitions between generations”





## Getting governance right

The right family governance structures enable and empower a family to effectively organize themselves and help to guide the family's relationship with the business or family office. Properly designed and implemented family governance structures set boundaries, create clarity, and provide for greater harmony, a more focused business, and easier transitions between generations, especially when it masks fundamental issues that are not drawn out and explicitly addressed. Therefore, our approach is always that family governance structures must be in harmony with the dynamics, culture and objectives of the family.

Our work in this area includes but is not limited to, setting up family councils, boards of directors or other family business forums, developing employment and remuneration policies, and defining the roles, responsibilities, rights and privileges of stakeholders. The agreements and decisions that a family makes are documented. A clearly written family constitution or set of protocols helps to reduce friction and doubt in decision-making by creating clarity of roles and responsibilities.

Our work on family governance involves assisting the family with:

- Analysing the multi-generational needs of the family and enterprise
- Designing a structure and set of policies that supports the family's vision for the future
- Reviewing existing governance arrangements against best practices
- Facilitating constructive dialogue and frank discussion of key issues
- Structuring policies that support the family's vision for the future
- Translating the outputs of governance discussions into written form



## Key governance considerations



**Make it purposeful:** effective family governance must encapsulate the overall vision of the family. Our work uses tested frameworks and tools to help families synthesize and document their vision. Governance is not created for its own sake – it is a pathway to achieving a family's goals, whether this means keeping the business in the family for generations to come, or making a difference in the community.



**Make it fit:** family governance should reflect the needs of the family at the heart of it. What is right for a single nuclear family will likely be very different from what is right for a large, multi-generational one. Even two similar families will have different needs, perhaps due to each family's unique culture or vision.



**Keep it simple:** the best governance is governance that is used. Rules, measures, boards, councils and committees that overwhelm family members only result in vital steps being skipped.



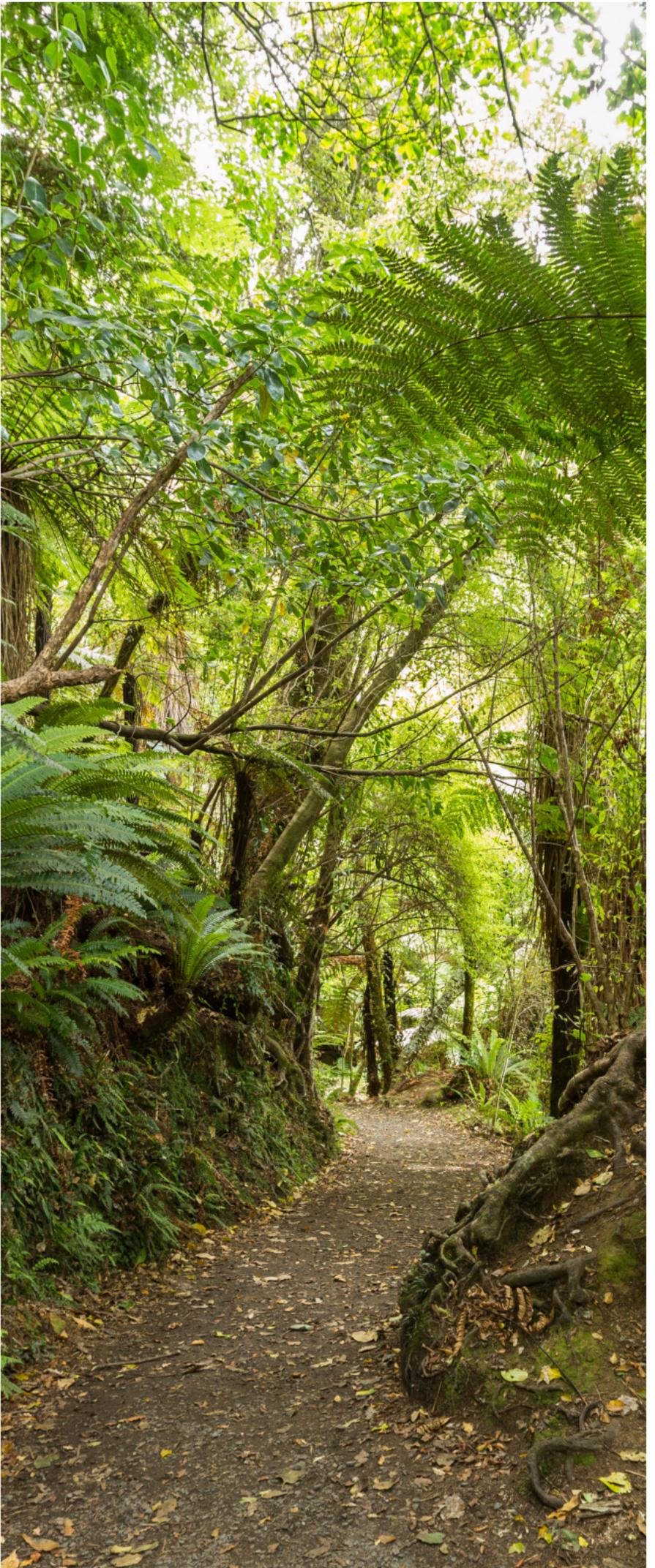
**Do it together:** designing and implementing family governance should be inclusive and the whole family needs to be involved and engaged in the process to ensure alignment.



**Give it time:** family governance has to be implemented. The success of a family governance project is measured by how well it works in practice in the real world.



**Be open to changes:** the best plans are those open to change. We suggest families come together every three to five years for a governance review to determine if their governance structures and practices still support their vision and goals and are appropriate for the environment they are operating in.





## Family enterprise succession planning

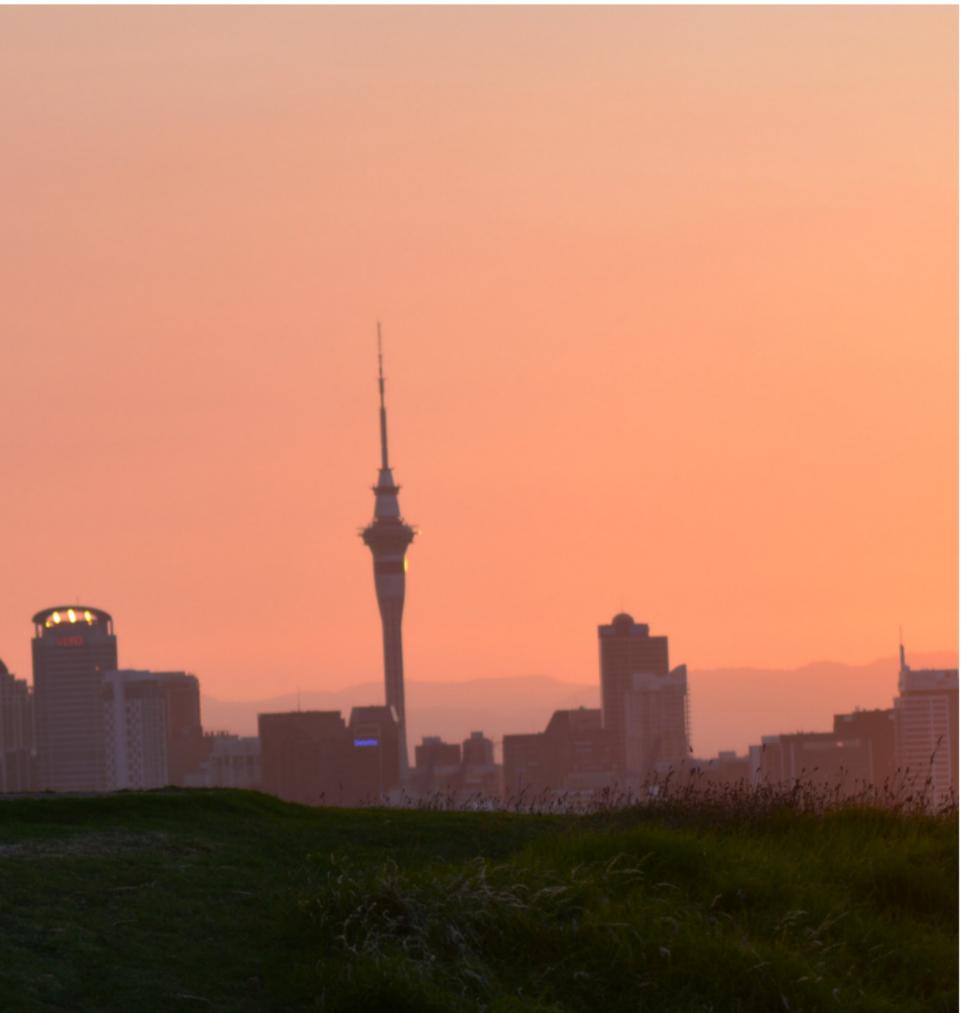
We recognize that succession planning represents one of the biggest challenges for family enterprises. Determining both the future ownership and management of a family enterprise can be very sensitive, and a multitude of factors need to be taken into account. However, with the appropriate planning, communication, and inter-generational teamwork, family enterprise succession planning actually presents a tremendous opportunity for both the family and their enterprise to become stronger.

Our team works in close collaboration with families and facilitates discussions between key family members (and/or non-family members, as the case may be) in order to create succession plans that will enable a smooth transition.



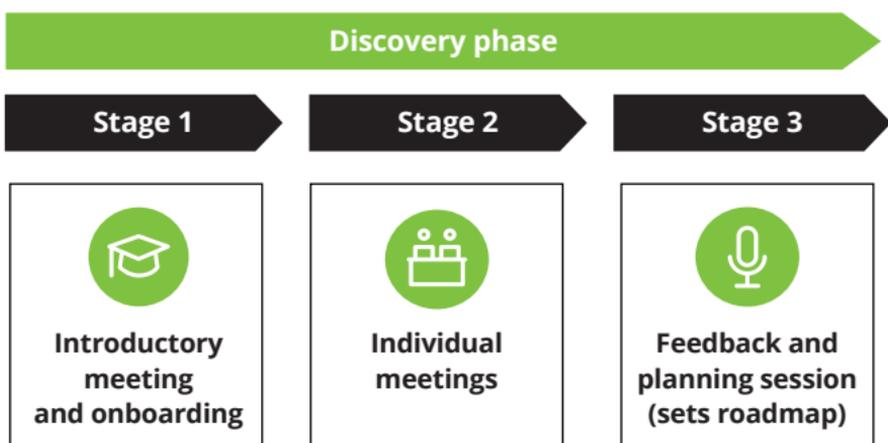
From a leadership and management succession perspective, our work ranges from the creation of assessment and development processes for the appointment of key management positions, to working with “retiring” family members on articulating how their role and influence will develop over time. On the subject of ownership succession, we help families determine how ownership should evolve as the family grows, and what structures can best facilitate this.

As with all of our family enterprise advice, the succession planning process needs to be carefully tailored to each family’s specific situation. This is a result of the fact that principles are similar; however, personalities and circumstances vary greatly.



# How we work

Our approach consists of the following finite stages:



## Discovery Phase

### Introductory meeting

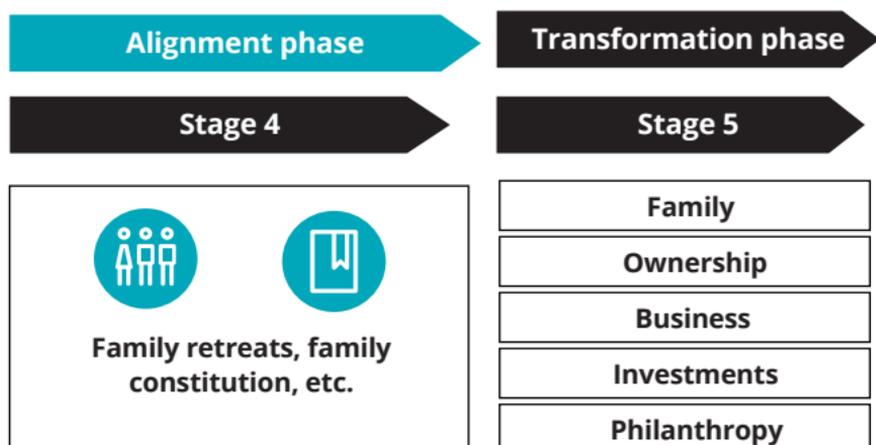
Our process typically starts with spending time with key family members to help them understand the process and the key concepts and outcomes. We discuss the opportunities and challenges unique to family enterprises. We provide anonymised illustrations and examples of how similar family groups have dealt with such challenges. We also scope the process before any commitment to proceed.

### Individual meetings

An engagement proceeds to gaining a full understanding of the family and enterprise. We review the family's current structure and governance and then meet with family members one on one to better understand each individual's views, values and visions, which is difficult to accomplish with others present.

### Feedback Session

The purpose of this session is to review the issues and challenges we find as a result of our work and to recommend the next steps in the process. Once agreed by the family, this sets the agenda and road map for the rest of the process.



## Alignment Phase

### Family retreats

Family retreats are often used to facilitate deep dive discussions on shared vision and values. We are able to facilitate these retreats and then assist the family to draft a family vision and values statement to serve as the key reference point for making future decisions about the family's ownership and involvement in their enterprise.

We also use a variety of communication and behavioural assessment tools to seed and facilitate discussion of a family's key principles and shared philosophy on ownership and governance.

These principles, together with the vision and values statements, form the basis of a family constitution.

### The family constitution

The family constitution establishes a long-range policy framework as guidance for current and future family members on governance, vision, mission or values, succession arrangements and family education and development.

## Transformation phase

### Finalisation & ongoing support

Once a final version of the constitution has been ratified, we assist in implementing its structures, protocols and policies, often drawing on our experience of conventional governance structures.

# Our team philosophy

- We engage with the whole family, and see the whole family as the client.
- We establish an in-depth understanding of each family member, their relationships, their needs, their concerns and their ambitions.
- We acknowledge the need to balance conflicting feelings and facts, relationships and business priorities, ownership and management.
- We recognize the importance of a shared vision for the family and the business as the foundation for effective governance and achievement of business goals.
- We emphasize practice rather than theory and strive to provide workable practical solutions that can deliver sustainable and positive impact quickly.
- We recognize the role of the next generation in the sustainability of the enterprise and always seek to understand their aspirations.
- We have learned to expect the unexpected, and our multi-disciplinary and flexible approach allows us to adjust our work to take people and situations into account as they evolve.
- We transfer knowledge and expertise so that our clients are self-sufficient in the long run.

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