

International Best Practices for Family Business

- One Man's Definition

- A. Clear separation of policy making and implementation.
- B. Organizational structure with chain of command that is respected and used appropriately by all parties.
- C. All communications within the system are *relatively* undistorted with information shared in such a manner that all executives can make clean, reasoned decisions within their area of jurisdiction.
- D. There is transparency at all levels. Issues are openly debated but once a decision has been made, all parties adhere to the decision.
- E. Agreement on a rate of return on managed capital reflects an appropriate expected rate of increase in shareholder value. Rate is not usurious.
- F. System-wide budgeting process. Unit head are held accountable for the performance of the unit, with their compensation based on the degree to which the budgeted goals have been met.
- G. Full and complete transparency in financial matters.
- H. All transactions are appropriately stated and carried on the consolidated balance sheet of the corporate entity.
- I. All stakeholders live the values the organization espouses and advocates.
- J. Violation of International Best Practices for "self interest" is dealt with in a strong, decisive manner.