

A family charter on one page

A family charter (sometimes called a family constitution) is a written agreement about how a family relates to its business. It is easiest to write while everyone gets along. The questions below are a starting point for a calm family conversation; the answers can fit on a single page.

01 Purpose and values

Why do we own this business together? What should it stand for, and what would we never do?

02 Ownership

Who may own shares? What happens if an owner wishes to sell, marries, divorces or passes away?

03 Working in the business

Which qualifications or experience must family members have before joining? Do the same rules and pay scales apply to them as to other staff?

04 Decisions and governance

Which decisions need the owners, and which belong to management? Would an advisory board with one or two independent members help? How often does the family meet about the business?

05 Leadership and succession

How will the next leader be chosen, and on what basis? What is the timetable, and how will candidates be prepared?

06 Money

How are profits shared or reinvested? May family members borrow from the company, and on what terms?

07 Disagreements

How will disagreements be discussed and resolved? Who could mediate if needed?

08 Review

When will we look at this charter again? Every two or three years is common.

A charter expresses intentions and is usually not legally binding. Matters such as share transfers are best also recorded in a shareholders' agreement or the company's charter documents, prepared with a qualified lawyer. This guide is general advice only. Every family business is unique. These are guiding principles only: many aspects need careful thought and cannot all be generalised on a single page. If you would like help with any of this, you know where to find us.