

# Take the mystery out of family enterprise jargon

From alignment to succession planning and everything in between, our glossary is designed to help you better understand the terms you'll come across as your family enterprise evolves over time.

## Accelerator

An accelerator is a short and intensive program offering support and training to entrepreneurs which expedites the development process of a commercialization strategy.

## Advisory board

An advisory board is comprised of a group of professionals who offer advice to organizations about their operations, strategies, and practices based on their specialization and experience.

## Advisory council

An advisory council is a group of advisors who work alongside a board of directors to provide strategic advice and enhance board governance.

## Alignment

Alignment refers to the harmonious relationship between members of an enterprising family as they relate to their respective personal, professional and business objectives.

## Business continuity

Business continuity is a blueprint to help ensure that business processes can continue during a time of critical transition, emergency, or disaster. Such events may necessitate the implementation of the enterprise's business continuity plan.

## Business vision

A business vision refers to the mental image of what a company wants to become at some point in the future, based on the goals and aspirations of its personnel.

## Board of directors

A board of directors is a group of individuals that are elected or appointed to represent the shareholders' interests and oversee the company strategy. The board of directors have voting authority and a legal fiduciary duty to shareholders.

## Cousin consortium

Cousin consortium is a term used to describe the stage where ownership is held by family members from different branches of the family (i.e., cousins); this is often when a family enterprise has transitioned from the 2nd generation to the 3rd generation.

## Documented exit plan

A documented exit plan is a clearly stated set of business and personal goals that a business owner wishes to achieve in his or her exit. It should be documented in writing and outline the tactics and steps required to effectively realize those goals.

## Entitlement

Entitlement refers to the individual's belief in what he or she "deserves".

## Enterprising families

An enterprising family is a multigenerational organization of people who are related many kin. It's focused on growing its family capital, is willing and able to socially cohere, and effect a socially, politically, and/or economically shared purpose for many generations.

## Estate planning

Estate planning is the planning preparation of tasks that serve to manage a person's assets in the event of their incapacitation or death. This includes the bequest of assets to heirs and the settlement of estate taxes.

## Family business

Family business usually refers to a business owned and operated by family members who contribute specific skills and time to the business. They may also be motivated by a desire to transfer to the next generation of family members.

## Family Business Advisor (FEA)

A family business advisor is a professionally-trained and focused advisor who is trusted and consulted when important decisions are being considered. Because they bring an informed, independent perspective, they help families and other advisors break through impasses and develop solutions that consider both the family and its business. With broad skill sets in facilitation, negotiation, business, and family dynamics, they help families formulate, discuss, agree and implement ideas and solutions to their challenges.

## Family business roles

Family business roles are often categorized into ownership, management or family and encompass any role played by a member of an enterprising family.

## Family champion

A family champion refers to a current or next-generation family leader who initiates and catalyzes the enterprising family non-active family members in their enterprising family responsibilities. This person acts as a change agent and primary sponsor of the family's change management journey.

## Family charter

A family charter is a written statement that serves as a record of the family's heritage, culture, hopes, and ambitions for future success, as well as a plan for how to achieve them. The charter sets out the rights, values, responsibilities, and rules that apply to stakeholders in a family enterprise.

## Family employment policy

A family employment policy is designed to help family members understand their relationship to the business. The purpose is to define the criteria and procedures governing how family members enter the company as career employees. The plan should provide transparency and contribute to the long-term success of the family and the company.

## Family enterprise

A family enterprise describes the various enterprise assets, including tangible assets such as family businesses, real estate, insurance and heirloom assets, as well as intangible assets such as social relationships and philanthropy.

## Family learning strategy

A family learning strategy refers to the conscious implementation of formal measures and resources (both financial and emotional) by the family to pursue learning practices that promote intergenerational business longevity and familial harmony.

## Family meeting

A family meeting is a regularly scheduled forum whereby family members meet and discuss key matters that relate to both business and family. Meetings are meant to facilitate relationship building and erase the distinction between those who work and do not work in the family enterprise.

## Family office

A family office is a private wealth management advisory firm that serves ultra-high-net-worth families. A single-family office serves one family. Multi-family offices serve multiple families. Family offices can also manage non-financial issues, such as travel and household arrangements.

## Family purpose

A family purpose represents an enduring and stable commitment, shared by multiple family members, to actively engage in making a meaningful difference in some aspects of the world beyond the family.

## Family retreat

A family retreat is a vehicle through which families can unite when it's necessary or helpful to address common interests. During a retreat, families can share financial information and attend meetings that have separate family and business agendas for the purpose of reducing tensions that arise from the overlap of family and business interests.

## Family values

In a family business context, these are statements of what the family and their company stand for and believe in. Families typically uncover and enshrine family values over time. Documenting and distributing the values to all stakeholders creates behavioral guides for decisions, brand development and family development. Some families create separate statements of family values and business values.

## Family vision

A family vision refers to the mental image of where an enterprising family expects its business to be at some point in the future, based on common goals and aspirations of family members. It may take on the form of a documented description of what the family intends to accomplish long term.

## Genogram

A genogram is a diagram that illustrates an enterprising family's members, how they're related genealogically and in the context of significant personal and family events.

## Governance

Governance refers to the process of planning, developing, and implementing policies and structures within a business. For example, an advisory council is a governance instrument that provides non-binding strategic advice to the management of an enterprise.

## G1, G2, G3 etc.

G1, G2 and G3 are used to describe the generation of family ownership, starting with G1 as the generation in which the family business was founded. Members of G2, for example, are the children of the founder. G3 members are the third generation, which may be a group of cousins from several family branches.

## Human capital

Human capital represents the stock and flow of knowledge, skills, and abilities of individual enterprising family members.

## Independent director

An independent director is a member of a company's board of directors that the company recruits from outside the organization. Independent directors do not have ties to the company's current way of doing business and often bring new insights to a team.

## Innovation

Innovation is described as bringing big new ideas and opportunities for growth and development to the enterprising family.

## Intrapreneurship

Intrapreneurship can be defined as entrepreneurial activities within the family enterprise, specifically encouraging the next generation to innovate within the family business.

## Intraprise

An intraprise is defined as the result of an entrepreneurial activity within an established organization. The intraprise is driven by the intrapreneur and takes advantage of existing resources with untapped potential. Its sector of activity may be related to the main activity of the parent company, such as a new division or completely separated, which is also referred to as a "spin-off".

## Junior board

A junior board is a body of young people who provide support to a company's leadership in order to carry the business's mission forward. Some family businesses use junior boards to simulate the board experience for the next generation. Junior boards are sometimes referred to as associate boards, youth boards, youth councils, or youth leadership committees.

## Leadership

Leadership refers to any role in the business or family where the member has the skills, respect, and expertise to influence change within the family or business.

## Legacy

Legacy can be described as creating an honorable effect and memory around the family enterprise that will live on.

## Life cycle

Life cycle is defined as the natural evolution of growth that can be applied to the enterprise and the enterprising family.

## Meritocracy

Meritocracy is the governance decision that members of the family will naturally inherit ownership or leadership within the enterprise.

## Mentor

Mentor or mentorship refers to a two-way relationship that enables and encourages personal development, often between family members within an enterprising family or with a knowledgeable non-family member.

## Owners' council

An owners' council is a body that represents a group of owners with a focus on understanding the impact of shared ownership on shareholders, family, and the family business itself. Owners' councils do not substitute corporate boards or family councils. Owners' councils specifically represent shareholders and this is especially important when the definitions of "family" and "shareholders" are somewhat different from one another.

## Ownership

Ownership and being an owner is about more than just holding shares to a company, it's about sharing the vision of the company with the intention of long-term success.

## Parent company

The parent company is used to describe where the intrapreneurial project will take place. The parent company allows the intrapreneur to utilize its technological, human and financial resources to facilitate the launch of their project in order to increase the likelihood of its success.

## Philanthropy

Philanthropy is the act of giving back, which often contributes to building a legacy.

## Rising generation

The rising generation are members of the business family that are part of the next generation of leaders who instill curiosity and innovation within the family business.

## Spin-off

A spin-off is the creation of an independent company through the sale or distribution of new shares of an existing business or division of a parent company.

## Stewardship

Stewardship is the careful and responsible management of something entrusted to one's care; it's an attitude that one's inheritance should be preserved and passed on to others, as opposed to being used up.

## Succession planning

Succession planning is the process of preparing for a successful transition of leadership in a family enterprise, often from one generation to the next.

## Transitioning ownership and leadership

Transitioning ownership and leadership is the process of incorporating the next generation into the enterprise to shift the responsibility of ownership and/or leadership. This is an important step in ensuring the business is successful in growing through life cycles. It's essentially the execution of the succession plan developed.

## A trust

A trust is a fiduciary relationship in which one party (the person who creates the trust), gives another party (the person in charge of the trust), the right to hold title to assets for the benefit of a third party, the beneficiary.

## Wealth

The accumulated value of both tangible and intangible resources, financial or other.



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