

FAMILY BUSINESS PHILOSOPHY QUESTIONNAIRE

The Family Business Philosophy Questionnaire is composed of two sets of questions: Part A: Business Issues and Part B: Family Issues. Each family member should complete and score the questionnaire based on his/her individual responses. There are no right or wrong answers. The most important outcome of this exercise is to encourage family members to share their beliefs about the family and the business and how they should relate to teach other.

A. Business Issues:

1. Are you generous with shareholders in providing them with liquidity and dividends?	1	2	3	4	5	Or do you favor retention of capital in the business?
2. If a shareholder wants to redeem, does the share valuation formula provide a high price?	1	2	3	4	5	Or do you seek to keep shares at a low value?
3. Does your business focus on current profitability?	1	2	3	4	5	Or more on long-term growth?
4. Do you prefer a few diverse businesses?	1	2	3	4	5	Or one focused business?
5. Is your business mostly domestic?	1	2	3	4	5	Or are you more global?
6. Does your business prefer public privacy?	1	2	3	4	5	Or see visible public relations as important?
7. Do you prefer the decision-making speed of a private company?	1	2	3	4	5	Or the discipline and accountability of public ownership?
8. Do you do business with relatives who are suppliers or vendors or advisors?	1	2	3	4	5	Or prefer a strict no-conflicts-of-interest policy?
9. Does your company regard loyalty highly?	1	2	3	4	5	Or more so celebrate achievement and merit?
10. Do you offer non-family executives a sense of career security?	1	2	3	4	5	Or reward them with stock options?
11. Are your decisions based heavily on family values?	1	2	3	4	5	Or more so on maximizing share price value?
12. Are you more respectful of tradition?	1	2	3	4	5	Or a promoter of change?
13. Is wealth preservation a key objective of owners?	1	2	3	4	5	Or is entrepreneurship more the focus?
14. Do you look for independent directors who are supportive in nature?	1	2	3	4	5	Or those who are more dispassionately critical of decisions and policies?

SCORE FROM PART A: _____

B. Family Issues:

1. Do you welcome family employment regardless of experience or educational qualifications?	1	2	3	4	5	Or have very selective family employment requirements before joining the business?
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2. Is dissent accepted among family members so that people may express different views to management?	1	2	3	4	5	Or does the family attempt to be of one voice in communications to managers in the business?
3. Do individual family branches pass on ownership?	1	2	3	4	5	Or are there efforts so future generations will have more equal ownership (per capital) regardless of size of different branches?
4. In decision-making, is there respect for elders?	1	2	3	4	5	Or more aggressive "take charge" leadership?
5. Are non-employed owners involved in business decision-making?	1	2	3	4	5	Or quite "hands off"?
6. Do family members feel the business is part of their identity?	1	2	3	4	5	Or feel very autonomous from the business?
7. Does the family show a high standard of living?	1	2	3	4	5	Or deliberately attempt to understate its wealth?
8. Are policies and rules for family members flexible?	1	2	3	4	5	Or quite formal and precise?
9. Is compensation of family members private?	1	2	3	4	5	Or openly disclosed to family members and to managers?
10. Are there many unspoken topics and issues among family members?	1	2	3	4	5	Or open communications?
11. Is family attendance at family business events voluntary?	1	2	3	4	5	Or expected or required?
12. Does the extended family spend lots of time with each other away from the business?	1	2	3	4	5	Or do folks spend most all of the personal time with their nuclear family?
13. Do family members see the business as creating opportunities for personal freedom?	1	2	3	4	5	Or does it give them more a sense of personal responsibility?
14. Do family members use company resources for personal use?	1	2	3	4	5	Or is use of expense accounts, vehicles or company assets for personal use prohibited?

SCORE FROM PART B: _____

The scoring is completed by totaling the Part A and Part B scores. This score is then compared to the scoring scale below to determine the Family Business Philosophy.

Score on Part A + Score on Part B = TOTAL POINTS

Family Business Philosophy:

Business First

Family Enterprise

Family First

90+ points

75-90 points

less than 75 points