



Event Outcome Report

Family Business Boardroom Dynamics

Governance in Family Firms

Event Date: 19 December 2019

Event Location: Tharawat Space, Dubai UAE





Family Business Boardroom Dynamics Roundtable Overview

In today's ever-changing market, global economies are rapidly evolving and disrupting traditional business models. Technological advancements are impacting disciplines, economies and industries across the board.

As such, family firms, which comprise of over 80 percent of privately-owned businesses in the Middle East, need to address these disruptive forces and equip themselves with effective contingency plans. Simple reactive approaches have proven to be ineffective and potentially detrimental to the business.

This roundtable discussed the role of the board in driving sustainable business practices across family firms. Specifically, it addressed internal and external factors affecting family business board decisions, the macro trends changing the business landscape and how family business boards will have to adjust their board structures and decision-making to grow in the future.

The objectives of this session were as follows:

- To understand the disruptive forces impacting family businesses today,
- To highlight the role of the board in safeguarding the family business, and
- To assess internal and external factors affecting family business boards.

Panellists



[Amir Ahmad](#)

Partner
Reed Smith



[Najla Al Suhaimi](#)

Board Member
Al Suhaimi Group



[Yasmine Omari](#)

Executive Director
Pearl Initiative

Moderator



[Farida El Agamy](#)

General Manager
Tharawat Family Business
Forum

Introduction and Welcome Remarks

In her welcome remarks, Yasmine Omari provided an overview of the [Pearl Initiative](#) (“PI”) and its commitment to enhancing corporate governance standards adopted by the Private Sector across the Gulf Region.

Born out of the desire to institutionalise family businesses across the region to promote business resilience, the [Governance in Family Firms](#) programme was launched in 2013 in partnership with one of PI’s longstanding partners, Tharawat Family Business Forum.

As part of this collaboration, Yasmine highlighted the first [publication](#) launched in 2014 featuring case studies of best governance practices as implemented by regional family businesses. In 2020, PI and Tharawat are working collaboratively to focus on the role of the board of directors in supporting the sustainability and resilience of family businesses.

Further, the project will feature various workshops and panel sessions discussing the different external and internal factors affecting board decisions, which are planned to be held across the Gulf Region.

Following Yasmine’s welcome, Farida El Agamy elaborated further on the joint project between Tharawat and PI, “Boards of the Future.” She started with an overview of family business governance structures, demonstrating the integration of all the formal and non-formal governing bodies within family firms.

Yasmine then stressed that the shifts and megatrends impacting businesses globally have always existed, however, they have a different effect on family businesses. Challenges in family firms are often defined by the generation running the business – for instance, by the third or fourth generation, the involvement of family members and advisors is heightened.

On that note, Farida welcomed the panellists to share their insights on these challenges, trends and opportunities facing family business boards.



“To ensure their sustainability, family firms need to have a good understanding of why they are where they are today, identify challenges in the surrounding environment and set concrete plans to address them.”

Farida El Agamy

Panel Discussion

Building on the welcome remarks, the panellists raised various issues impacting the effectiveness of family business boards. Their remarks are summarised in the following sections.

Challenges

All businesses, whether they be corporations or family owned, face challenges rising from evolving socio-economic trends. Internationalism and globalisation significantly contribute to growing business competition. However, how well these businesses implement corporate governance standards dictates their ability to withstand such hurdles with minimal costs.

As a statutory body, the board is often mandated with the responsibility to promote the implementation of best corporate governance practices across the organisation. Therefore, ensuring the efficiency of the board is key to business success.

The following points summarise the different factors impacting the effectiveness of the board, as highlighted by the panellists:

- The lack of clarity and definition of the roles and responsibilities of both the board members and shareholders,
- Generational and demographic variances among the members,
- Exponential growth of the family business and
- Changing regulatory environment.

To address these challenges, the panellists suggested that future boards should be both inclusive and diverse. This can be achieved by maintaining a balance of external stakeholders and family members in the boardroom and also involving both older and younger generations of family members on the board.

It was also suggested that supervisory and advisory boards be used to leverage the knowledge of family members while retaining an independent board.

“To achieve a more independent and objective boardroom, you can have family members, particularly the older generation, on advisory committees or family councils, rather than on the board.”

Najla Al Suhaimi

“There is a vital need for a dialogue shift in boardrooms, where both family and board members begin asking difficult questions.”

Amir Ahmad



Value of Governance in Family Firms

As family businesses grow, the importance and urgency of applying corporate governance best practices becomes imminent. Their growth, sustainability and resilience depend on it. Additionally, increasing education and awareness on the value of corporate governance has impacted contemporary views on its importance in global economies.

Nevertheless, businesses are still lagging in the implementation of adequate corporate governance standards. The panellists agreed that this is due to cultural factors including the resistance of board members in asking difficult questions and the inability of the younger generation to defy the will of the older generation (this is mainly driven by religious obligations to comply with elders).

Amir Ahmad stressed the need for family business owners to start accepting that their company does not exclusively involve them, but a wider group of stakeholders. Without this cultural mindset shift, implementing corporate governance becomes increasingly difficult.

Further, the successful implementation of corporate governance depends on how regionally relevant they are. All panellists agreed that international best practices, or Western best practices, may not necessarily be useful in the regional context. Instead, investing in research, education and case study development helps to shape regional best practices.

Conclusions

To ensure the sustainability of family firms in the face of modern socio-economic challenges, the panellists suggested the following:

- Family businesses need to have a clear understanding of why they are where they are today and how they got there,
- Be conscious of the dynamic environment surrounding them,
- Set action plans to overcome challenges seeking the relevant support and expertise where required,
- Involve family business members on advisory committees or separate family councils,
- Involve family members in the business early on, even if only as observers, to ensure a smoother and more successful integration into the family business,
- Initiate positive and open dialogue between generations to promote effective succession planning, and share both best practice and failures so that the wider community can learn from each other.



“As family businesses grow, family members often take it for granted that their business will last, disregarding the fact that with generational transformation, unity and cohesion among members are threatened.”

Yasmine Omari



Appendices

Appendix 1

Event Agenda

19 December 2019

08:30-11:00am

Tharawat Space, Al Serkal Avenue

08:30 – 09:00 Networking

09:00 – 09:05 Opening remarks

- **Yasmine Omari**, Executive Director, Pearl Initiative

09:05 – 09:15 Introduction to Family Business Governance Structures

- **Farida El Agamy**, General Manager, Tharawat Family Business Forum

09:15-10:00 Panel discussion – What does the Board of the Future Look like?

- **Najla Al Suhaimi**, Board Member, Al Suhaimi Group
- **Amir Ahmad**, Partner, Reed Smith LLP
- **Yasmine Omari**, Executive Director, Pearl Initiative

Moderated by **Farida El Agamy**, General Manager, Tharawat Family Business Forum

10:00 – 11: 00 Networking



Appendix 2

Speaker Bios

Amir Ahmad, Partner, Reed Smith

Based in Dubai, Amir is a partner in the Financial Industry Group with deep experience throughout the Middle East and North Africa. Amir's practice includes extensive experience representing both lenders and borrowers in multi-sourced (Islamic) and ECA-supported financings in the public and private sector, leveraged finance, real estate development, project finance and general corporate financings.

Among his many accolades, Amir led the team which won the award for Murabaha Deal of the Year 2017 at the Islamic Finance News Awards; was the recipient of the IFLR Middle East Award for Restructuring Deal of the Year 2016; and was recognised at the Islamic Finance News Awards for Cross Border Deal of the Year 2016, Project Finance Team of the Year 2016, Commodity Murabaha Deal of the Year 2015 and Mudaraba Deal of the Year 2014.

Amir is one of a handful of lawyers in the Middle East who has studied and practised in both common law and civil law jurisdictions. As Islamic financing techniques and products evolve, his know-how and experience mean he is best placed to assist with the most complex Shariah-compliant financings.

Amir holds a master's degree from the University of London and a bachelor's degree from the University of Amsterdam.

Najla Al Suhaimi, Board Member, Al Suhaimi Group

Najla Al Suhaimi obtained her bachelor's degree in Business Administration and Marketing from the American University of Sharjah and a master's degree in Quality Management from the University of Wollongong in 2010.

Najla co-founded NTI, an events company, in 2011 whilst joining the family business, Shade Corporation Ltd. She then went on to becoming a Business Development Analyst for Mohammed Saleh Suhaimi & Sons and joined Suhaimi Design as well. In 2019, Najla Al Suhaimi became a Board Member with the Al Suhaimi Holding Company in Saudi Arabia.

Najla has received various awards and recognitions, such as the Most Influential Arab Women in Family Businesses award.

Appendix 3

Pearl Initiative Team



Yasmine Omari, Executive Director

An expert in governance for family firms, Yasmine joined the Pearl Initiative as Head of Programmes, and became Executive Director in 2019. She has experience in the implementation and operation of corporate and family governance systems, as well as business performance and risk management capabilities for private companies and family offices. Prior to joining the Pearl Initiative, Yasmine was a Senior Manager at Deloitte and supported clients in navigating the business challenges faced by entrepreneurial families in business. Yasmine has a legal background and holds a degree in Law and Arabic from SOAS, University of London.



Lamia Adi, Senior Programme Associate

Before joining the Pearl Initiative, Lamia worked with Pink Tank, a Dubai-based consultancy focusing on research and knowledge-based conferences in the Gulf Region. In her role at the Pearl Initiative, she supports in planning, managing and implementing governance and diversity programmes across the Gulf Region. A graduate with a bachelor's degree in Foreign Service from Georgetown's University School of Foreign Service with a minor in Arab and Regional Studies, she is keen on contextualising international research and adding tangible value to the region.



Sumaya Nair, Junior Programme Assistant

Having previously worked closely with developmental social enterprises in the UAE, Sumaya is concerned about a wide range of global issues, including conflict zones, humanitarianism and philanthropy. With a degree in International Politics, she is also passionate about corporate governance and the role the private sector has in pushing forward the SDGs. In her role at the Pearl Initiative, she supports in the managing and implementing of the Governance in Philanthropy and Governance in Family Firms programmes across the Gulf Region.