The Chair of the Advisory Board in Family Businesses

Conductor, Bridge Builder and Tone Setter

by Andreas von Specht

Family businesses combine entrepreneurial freedom with a particular sense of responsibility and organize this balance through the interplay of clearly defined roles and governing bodies. The owning family embodies values and provides long-term orientation, executive management delivers pace and operational execution, and advisory boards contribute perspective, experience, and a corrective function. Within such a constellation, the role of the Chair of the advisory board is often underestimated. It is far more than chairing meetings and handling formalities. In an environment that is becoming both more complex and more fast-paced, the Chair often determines whether governance remains a mere box-ticking exercise or becomes a strategic advantage.

One preliminary observation is therefore warranted. The specific design of a supervisory or advisory body varies depending on legal form, articles of association, and established practice. Many advisory boards have a predominantly advisory character; some are endowed with approval rights; others are complemented by a shareholders' committee or an owners' council. Regardless of these differences, one constant remains: the Chair of the board shapes interfaces, expectations, and culture and, by extension, the effectiveness of the entire system.

FROM MEETING CONVENOR TO STRATEGIC PARTNER

Traditionally, the Chair was often perceived as a figurehead: someone who moderates meetings, maintains order, and ensures compliance with processes. This view falls well short of today's reality. A modern Chair of the advisory board is a strategic partner to executive management, a trusted intermediary vis-à-vis the owning family, and an active shaper of board culture.

The essence of the role can be captured through an image. The Chair of the advisory board acts like the conductor of a small string orchestra. The owners stand for long-term orientation and legacy. Executive management develops strategy and operational energy. The advisory board provides breadth, balance, and calibration. The Chair decides when which part of the orchestra takes the lead, when an instrument should be heard, and when it should remain silent. Effective governance does not arise from one party drowning out another, but from careful timing, clarity, and discipline.

BUILDING BRIDGES ACROSS TIME HORIZONS AND GENERATIONS

A central challenge of corporate governance has intensified: time horizons are lengthening and shortening at the same time. Owners think in decades, often across generations. Markets, media, employees, and regulators react within days, sometimes within hours. The Chair of the advisory board becomes a mediator between these time horizons. He or she supports executive management in maintaining strategic patience when the news cycle is turbulent, and helps owners recognize when speed is the only responsible option.

Added to this is the internal dynamic of the owning family. In many family businesses, the “NowGen” and the “NextGen” do not necessarily face each other as opposing camps, but they often hold different perspectives on risk, identity and the future. Here, the Chair can assume a balancing bridge-building role. He or she can ensure clarity and transparency regarding ownership principles and make sure that these principles are translated into governance, rather than encouraging operational micromanagement. This protects both the legitimacy of ownership and the ability of executive management to act.

INFORMATION OVERLOAD, UNEVEN DISTRIBUTION, CURATED INSIGHT

Information is abundant today, but unevenly distributed. Pre-read materials for meetings are becoming more extensive, dashboards more dense, and updates more frequent. At the same time, decisive insights often emerge through trusted relationships and the quality of discussion, rather than from the sheer volume of reading.

A highly effective Chair of the advisory board curates the flow of information. This means agreeing with executive management on which information the board truly needs in order to make decisions. Not to feel comfortable, but to be effective. This includes an agenda that addresses the critical questions early and with precision, and that clearly and respectfully tackles sensitive issues such as ownership strategy, dividend policy, or family roles. In family businesses, this clarity of separation is particularly important in order to distinguish what belongs in the advisory board from what is better addressed in a facilitated family forum.

SHAPING CULTURE AND ALLOWING CONSTRUCTIVE TENSION

The Chair not only steers the agenda, but also the culture. He or she fosters open dialogue, encourages diverse perspectives, and ensures that difficult questions can be raised. Especially in family businesses, where loyalty and closeness are powerful forces, consciously cultivated professionalism is required so that dissent is not mistaken for disloyalty.

This aligns with an insight that can be observed in many high-performing boards. A healthy underlying tension between the Chair of the advisory board and the CEO is not only tolerable, but often necessary. What is meant is not friction for its own sake, but a productive counterbalance that tests alternatives, reduces blind spots, and makes decisions more robust. The Chair must calibrate this tension, remain firm on substance while being clear and fair in interaction, and at the same time preserve unity towards the outside.

GLOBAL CHALLENGES ARE CHANGING THE DEMANDS ON BOARDS AND THEIR CHAIRS

The boundaries of the firm have expanded. “Stakeholders” are no longer only communicative, but strategically and measurably relevant. Regulators, investors, customers, and the public demand transparency, ethical conduct and social responsibility. At the same time, technological change, geopolitical uncertainty, supply chain risks, and rising expectations regarding sustainability and diversity are increasing complexity.

For family businesses, this has two implications. First, advisory boards must cover competencies that were previously optional, such as digital transformation, cyber risk, geopolitical resilience or sustainability. Second, expectations of the Chair increase in terms of translating these competencies into a coherent decision-making logic. The art lies in enabling a diversity of perspectives without steering the organization into a state of permanent debate.

EFFECTIVE COORDINATION IN PRACTICE

Whether the advisory board becomes a forum for productive debate or a stage for recurring fundamental discussions is determined by a few concrete levers that the Chair can actively shape.

First, the relationship between the Chair of the advisory board and the CEO requires an explicit agreement. Expectations should be discussed and articulated in concrete terms. How do we deal with surprises? What belongs in written reporting, and what is clarified by phone? How do we resolve dissent in a confidential setting, and how do we present ourselves as a unified front externally? When this “contract” is clear, the advisory board gains focus and executive management gains confidence.

Second, the architecture of the advisory board has become a discipline in its own right. Composition, committees, decision rights and interfaces must reflect strategy. In family businesses, an owners’ council or a similar body often plays a central role. The Chair ensures that the voice of the owners is present and grounded in principles, without becoming operational. This distinction preserves both speed and legitimacy.

Preparation, moreover, is a competitive advantage. Chairs who manage not only the meeting itself but also the calendar create space for richer debate. Preparatory materials become shorter and more concise. Site visits and working sessions replace endless presentations. Critical decisions are structured in advance, options are clearly formulated, and consequences are made transparent. The goal is not choreography, but engagement.

Most importantly, succession is not an event, but a process. This applies to CEO succession, to board appointments, and also to the Chair role itself. Continuous succession planning reduces risk, depoliticizes personnel decisions and strengthens the organization’s ability to act in times of crisis. External support can be helpful in this context, for example in defining role profiles, assessing candidate markets, conducting assessments, and moderating ownership perspectives, provided that roles and responsibilities remain clearly defined.

THE CHAIR AS GUARDIAN OF TONE

Finally, one aspect that is often underestimated: culture is governance capital. The Chair of the advisory board frequently sets the tone. He or she determines how disagreements are received, how failures are worked through, and how successes are made visible. In a volatile environment, this culture can become the most stable element of the system.

When the orchestral trio is in harmony, executive management can navigate global complexity without losing strategic direction. Owners find themselves embedded in a governance framework that protects values while enabling impact. And the advisory board becomes a place where the right questions are asked at the right time. This is precisely where the modern role of the Chair of the advisory board lies: as a conductor who combines discipline and adaptability, thereby safeguarding long-term value creation.

CONCLUSION:
GOVERNANCE BECOMES EFFECTIVE THROUGH LEADERSHIP FROM THE CHAIR

In family businesses, the Chair of the advisory board has long been more than a facilitator of formal meetings. He or she orchestrates the interaction between owners, executive management, and the advisory board, turning it into a resilient system of decision-making and trust. The Chair's distinctive impact lies in the bridge-building role between different time horizons and generations, as well as in the ability to curate information and focus discussions on the critical questions. In a world of technological, geopolitical and societal disruption, the architecture of the advisory board itself thus becomes a strategic instrument. Those who seek to maximize impact invest in clear roles, an explicit trust-based agreement with executive management, careful preparation, and continuous succession planning. In this way, governance becomes not an obligation but a competitive advantage.

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