

Corporate Governance Insights

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Corporate governance for company continuity

by **Professor Josep Tàpies**

A good corporate governance system helps ensure the continuity of the company. For this purpose, it also needs to check whether the company has the right shareholders.

In the current acceleration of technological innovation, it is essential that companies have the right partners: those that can provide the resources and capabilities that the company needs to remain competitive in the future. This sometimes means giving up majority ownership in order to ensure the future of the company, which should be the main interest above all others.

This is more urgent in the case of family businesses. In these types of companies, shareholders should feel invested in the project, and not just in the stock. A shareholder is anyone who owns shares. But an owner is an individual who feels the project is his or hers. And this feeling entails some implications. The owners should feel that it is worthwhile to remain owners of the project and can develop it in the future.

Shareholders should ask themselves whether or not the family has the resources and capabilities necessary to compete. And if they do not, it may be time to incorporate a partner or even sell the company for the sake of its continuity.

The board of directors must ensure the continuity of the firm, and this holds true for family businesses as well. The board should analyze calmly whether or not it is timely and convenient for the business to incorporate a partner for its long-term development.

One of the questions that should be included in any family constitution should be: Under what circumstances are we willing to bring in a partner in our company or even sell some shares? This does not indicate, by any means, that the owners are thinking about selling the company, but it will help protect them from unforeseen surprises.

Analyzing all possible scenarios is one of the tasks that the corporate governance system, and in particular the board of directors, of any company must address and, if appropriate, raise the issue with the shareholders. Thus, the board and shareholders try to anticipate problems rather than having to fix them once they have taken place.

Professor Josep Tàpies

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LinkedIn's Head of Global Privacy addresses issues such as how to adapt to the constantly changing privacy guidelines, how to protect people's personal data, how to work with the executive team to build a strong working relationship so there is alignment if an incident occurs, and why it is important for company's leadership and not just the IT Department to own cybersecurity rather than delegate it... [read more](#)

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Executive Program: “Value Creation Through Effective Boards”

IESE Barcelona campus, May 20th - 23rd, 2019

(in English)

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