Worksheet 3: *Whether and How to Pay Family Members*

Employing family members as contractors, part-time, or full-time members of your philanthropic operations can bring new challenges. Use this checklist to review gaps in your policies and practices and determine if any need to be updated. Most importantly, flag any that deserve a thorough discussion so that everyone in the family understands what to expect from the roles of family governance, employer, and employee. As you consider the issues, you may wish to consult with an attorney, human resources consulting company, or family business specialist.

Policy or Practice In Place?	Discuss & Clarify Soon?	When to ask these questions:
		Long before you start the hiring process
		Code of conduct or family constitution: Do your ground rules for behavior, communication, and decision making cover the separation of family relationship from employer-employee relationship? Does the code commit them to serving the needs of the philanthropic entity over the emotional attachments to family?
		Confidentiality policy: Does it ensure confidentiality of an employee's salary, benefits, compensation negotiations, and health status?
		Conflict resolution: Does your family have adequate policies and practices to resolve disputes or issues like sibling rivalries? This is often a good time to establish a family council or another committee to resolve emotional family matters in a forum separate from the philanthropic vehicle.
		Student preparation: Have you talked with younger family members about their career goals before they go to college and during college? Do those (should those?) include your philanthropic vehicle? Have they had opportunities to learn about its operating needs?
		Young adult preparation: Does the family favor young adults gaining employment experience in other businesses, nonprofits, government agencies, or foundations before seeking employment in yours? (Note that many family businesses owners favor this).
		Transition plans: Have current leaders (e.g., the founders or a board chair) been transparent about their long-term plans for volunteer leadership roles? Will family members expect opportunities to fill those roles if they don't choose, or aren't chosen for, staff roles?
		As you plan the hiring process
		Benchmarking: Have you researched the fees or salaries and benefits of comparable positions in your region or similarly-sized funders? Are family members in agreement about what compensation is reasonable and fair and what employment perks are off the table? Are those decisions fair regardless of if the employee is family or not?
		Clear job description: Are the qualifications, competencies, responsibilities, and performance measures written so that everyone is clear about the duties and decision-making authority? Equally importantly, is everyone clear what the staff member should not be doing? Could the job description be easily filled if you conducted an open search?
		Resetting relationships: Are family members clear about the reporting structure for the family employee (e.g. to a board chair or a committee)? Who will provide cover for the employed family member if other family members overstep boundaries? Are advisors and consultants clear about changes to reporting and decision-making structures?
		Peers and mentors: Will the family employee have access to mentors who work with family businesses or foundations, or peer groups of family staff through memberships in philanthropic associations, family enterprise centers, or NCFP?