

Chapter 3: Family Constitution

International Charter of Heritage Inheritance and Ethics for the Sustainability of Confucius Business

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Introduction to Family Business Administration



Guided by A. Kawin

The key to the "100-year secret"

Welcome to "Chapter 3 Family Constitution".

This week, we'll take a deep dive into the written rules, which are the tools that resolve conflicts and shape the future of the world's most famous businesses. So that Kong Si grows seamlessly.

Part 1: Significance and Universal Foundations

Understand the policy implications, structural scope, and why family businesses need quasi-legal regulation.

The meaning of "family constitution"

1. Dimension of Roles and Responsibilities Agreement

A systematic agreement represents the roles and duties of all members in the business. It is like the framework of the vision, core values, and common commitment of the family to the Gongrese bloodline.

2. Foundation and Inheritance Dimension

The establishment of formal rules, rules, and etiquette for the systematic planning and transfer of management of the inheritance in advance. Prevent disagreements between the next generations

Rules, Rules and Etiquette of Living Together



Work Eligibility Rules

Clearly define the conditions for admitting new blood members into the business. (e.g. education level, at least 3 years of external work experience)



Fair remuneration

Establish guidelines for the allocation of benefits, salaries, and asset holding benefits to members in a fair and transparent manner.



Clan Level Negotiation Agenda

Organizing the Family Council Meeting Mechanism To discuss internal problems freely with a concrete form.

Scope of constitutional control in the family

Protection and Wealth Creation

The Family Constitution does not only control personnel, but also includes a profound policy on investment. Family Portfolio and Venture Capital

It is responsible for determining the criteria for the management of Kongsu assets.

A stable business management strategy and a fair and compromising resolution process for kinship conflicts at all levels.



Objectives of the establishment of the Constitution



Creates the highest level of clarity

Reduce uncertainty in collaboration
Carpeting the rights and duties of everyone prominently.



Avoid conflicts

Put in place measures to intercept in-depth conflicts before they escalate and destroy the business system network.



Selection of suitable heirs

Establish criteria for selecting the CEO Succession Plan (CEO Succession Plan) based on performance and suitability.

Part 2: Features and Management Styles

An in-depth look at the 4 models of family constitution design and the features of the promise that help pass on loyalty.

An important feature of a good constitution

- ✔ **Inclusive participation:** All clan members must participate in crystallizing ideas so that they don't feel restricted.
- ✔ **Written in a time of beautiful relations:** The drafting of the Constitution should be completed during the period of good affection, not during the crisis of conflict.
- ✔ **Distilled from Crystallized Heritage:** Evolving Through Integrity, Philosophy, and Pioneering Values Passed Down Generations
- ✔ **Moral Covenant:** Not a rigid mandatory law, but a joint psychological resolution.
- ✔ **Regular review:** The Constitution is updated every 3-5 years to keep up with the global dynamics and the expansion of the lineage.

4 The Strategic Form of the Family Constitution

1. Family-centered

Give top priority to harmony and care to all members.
Aiming for solidarity, developing welfare and comprehensive education.

2. Focus on driving business

Focus on business benefits and maximum profits. Strict regulations have been formulated with the focus on accuracy based on the principle of competence.

Differences in Permission Schemes and Combinations

3. Focus on shareholder interests

Focus on protecting the family group that holds shares. Detail the rights, roles, voting power, and legally binding contracts to build a shield of confidence for partners.

4. Hybrid Model

The most progressive approach, the balance of power between families, businesses, and venture capitalists, integrated into a family council to decide macro issues with perfect grace.



A. Kawin analyzes the new era of business

A Deep Dive into the Model by A. Kawin



In managing the digital disruption era, I recommend that family businesses use the "Hybrid Model". Yes.

Because it will help create the best balance between love and business performance. This makes the 3rd and 4th generation heirs not feel uncomfortable with the tradition, while at the same time maintaining the financial stability of the big consortium as firmly as possible.

Part 3: In-depth and administrative elements

Delve into the details of management mechanisms, succession plans, and specific plans when the business faces a crisis or maximum success.

Key elements of the draft constitution

Main Components	Concrete explanations and guidelines
Ultimate Strategic Plan	The vision, mission, and long-term goals of the business align with family values.
Leadership Structure	Organize the hierarchy of power, appointment and promotion at the executive level.
Criteria for entering Kongsu	Determine the qualifications of blood members and their dismissal from office according to good governance.
External Management Policy	Criteria for recruiting executive directors and qualified persons who are not family members to assist in the work

Remuneration and Development Criteria

- ★ **Neutral compensation policy:** There is a fair performance evaluation system in place for both family and non-family employees.
- ★ **Successor Potential Development Plan:** Prepare a budget for further education and enrollment in the Leadership Development program for the next potential leader.
- ★ **Communication channels to resolve disputes:** Organize an independent consultation mechanism There is a mediation board to listen to the problem confidentially.
- ★ **Plans for Situations to Change Polarity:** Design a Constitution That Covers Emergency Plans When a business fails or faces a national security crisis.

Summary of the relationship between the balance of power system

1. Family Council

It is responsible for taking care of the well-being, welfare, education, and relationship activities between members of Ban Kong Si. Laying the foundation for unity and passing on the spirit of the family.

2. Board of Directors

It is mainly responsible for overseeing business management, developing strategies, aiming to create maximum results and transparency.

Part 4: Case Studies and Practical Models

Study and extract the lessons of greatness from 2 legendary kingdoms: the Chirathiwat family (Central Group) and the Lee Kumki family (global brand).

The Eight Constitutions of the Chirathiwat Family



A. Kawin points out
the central study point.

- ✓ **First: All siblings must live together in close areas. Eat, play, study, sleep, and grow together for an original bond. There is absolutely no division between the mother line.**
- ✓ **Second: Mutual respect is based on the principle of seniority of the age range. The hierarchy of uncles, aunts, and uncles is not used as a reference for work.**
- ✓ **Third: There is a preaching, a contract between the family hierarchies. Fathers have to slap the issue of teaching their children. I must be ready to guide and admonish you in a loving way.**
- ✓ **Fourth: Bring democracy to manage the family, all members have the right to vote and propose their opinions equally.**

Constitution 8 of the Jirathiwat Family (continued)

- ✓ **Fifth:** The son line in the past had to attend Assumption School. The daughter studied at Mater Dei College and the family is ready to support the dream of the heir to pursue a degree at the international level leading abroad.
- ✓ **Sixth:** The division of work and responsibilities is arranged according to the seniority and ability and talent of the person, not counting the right to be a single heir.
- ✓ **7th:** Issuing a circular letter of admonition in the family when a member openly commits disciplinary offenses. So that others do not do the same.
- ✓ **8th:** Warm personal appreciation and assignment of important additional tasks during outstanding performance. By refraining from praising in front of the treasure so that others feel jealous.

The kingdom of "Lee Kumki" is 123 years old

History and credibility

Lee Kum Kee was founded in 1880 and started with a small port of gong si, producing premium quality oyster sauce.
No. 1 Brand Exported More Than 100 Countries around the world

In the fourth generation, under the leadership of Eddy Lee, the strictest rules were established, including:

"Prohibiting the right of the daughter-in-law or son-in-law to play the role of business management" to dispel the problem of accumulated disagreements and conflicts of the new bloodline.



Lee Kumki's "Family First" guiding philosophy

- ★ **Family over Business (Our Formula):** The peace of the home is the signal of business sustainability.
- ★ **Family Council:** Established in 2002 as a hub for serious exchange of issues, it was scheduled to meet four days a week in the pioneer era.
- ★ **Organizing Relationship Building Activities:** Organizing team building to maintain a wide range of fun, such as the music and culture project "144-Day Committed to Trust Building & Fun".
- ★ **Three Sacred Prohibitions:** All members agree that "no divorce", "no marriage too late for no successor", and "no double family or mistress". If violated, the right to hold the reins must be removed.

Part 5: Bibliography and Conclusion

Includes academic textbook references. Comprehension test exercises and Q&A by the speaker

Reference Documents and Textbooks

- Ekachai Apisakkul (2018): **Family Business Administration, Science and the Art of Sustainability**. Bangkok: Triple Education Co., Ltd.
- Jiradej Usawat (MPP): **Family briefing materials**. University of the Thai Chamber of Commerce and Institute of Commerce.
- The Stock Exchange of Thailand (2007): **International Good Corporate Governance Guidelines Report**. Public Affairs Division.
- Astrachan, J. H. & McMillan, K. S. (2003): *Conflict and Communication in the Family Business*. Family Enterprise Publishers.
- European Family Businesses (EFB) & KPMG (2015): *European Family Business Barometer*.

End-of-lesson review exercises

Question 1 (Definition and Model)

Let students analyze the main differences between the business-centric and hybrid family constitutions in terms of the power of non-family executives and give illustrations.

Question 2 (Case Study)

Based on the case studies of the Lee Kumki family and the Jirathiwat family, students conclude that the prohibition on new bloodlines (e.g., daughter-in-law, son-in-law) What are the positive and negative impacts on the growth rate of companies in the 21st century?



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Q&A Questions

Thank you to all the listeners. You can discuss the issue of the preparation of the Constitution via the email below.

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Source: Mascot "A. Kawin" Vector Illustration



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Source: Luxury Board Meeting Room Interior



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Source: Lee Kum Kee Oyster Sauce Product Exhibit

Image Sources



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