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RELE-Rouen: The family council

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Public information

The Demongeots have a tradition of gathering together all five siblings for a family council at the family home in Rouen. The family council is convened mostly to discuss matters related to the family mansion and the main family business, dedicated to importing agricultural machinery. Sometimes Maxime and Béatrice share updates about RELE-Rouen, the language school located in the family home that the two of them founded in 2012. The other three siblings are not usually involved in the school. RELE (short for Residential Executive Language Education) rents the family home for the language school and pays a monthly rent to all of the siblings, as each of the five owns 20% of the home.

The siblings attend a family council as follows:

- Maxime, the oldest of the siblings, attends in person. He is the CEO of the agricultural machinery company, as well as the joint CEO of the language school.
- Béatrice, the other joint CEO of the language school, also attends in person. She and Maxime manage the rent paid by RELE to all the siblings.
- Most of the time, the Paris-based civil servant Nicole and the Barcelona-based economist Ruth attend the meeting remotely via Skype, although sometimes only Ruth takes part.
- Pierre sporadically attends the meetings. He works as a sales representative for the family's agricultural machinery company.

This case was prepared by Professors Thomas Maximilian Klueter and Edi Soler. June2024.
This document is based on the case RELE-Rouen: Language Immersion in Normandy (B), ASN-79-E, from the same authors. This is an optional B part of case ASN-105.
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Tomorrow, the siblings will attend a family council, this time all in person. It will focus exclusively on the family home and the language school because, two months ago, Maxime and Béatrice received an offer by the École de Français Émile Leclerc (EFEL) for both RELE (administrators, cooks, directors and all school-related assets) and the family home. Maxime quickly hired a very experienced consultant to advise the family.

The consultant is an expert in business acquisitions and real estate. As one of the siblings, you read in the consultant's initial report that the house is valued at around €2.1 million and that she does not expect a better offer within the next three to five years. EFEL plans to remodel both the interior and exterior of the house significantly. If the siblings prefer fewer changes to their family home, EFEL plans to reduce its offer as that would affect future profitability.

Family council meetings often involve intense debate but, in the end, they are consensus-driven. The aim is for all the siblings to agree. In those cases where some siblings made a decision by a majority but not unanimously, this severely strained relations among the siblings. Tomorrow is the final opportunity you will have to meet in person with all your siblings to discuss the issues before Maxime must respond to EFEL. (Of course, the siblings can continue the conversation remotely later.)

You will receive confidential information and you should conduct your conversation with your siblings in the way that you think most effectively reflects your underlying motivations and promotes your key priorities. Also bear in mind that you are dealing with family! In the family council, you and your siblings will collectively decide what you all want to discuss and how to use the 30 minutes of discussion most effectively. If possible, you should come to an agreement on what to do with the family home and the language school.

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Maxime

Role

You are Maxime, the oldest sibling of the Demongeot family. You are a well-established businessman and the CEO of the main family company, which imports agricultural machinery. You are also the cofounder and joint CEO of RELE-Rouen, the language school located in the Demongeot family home. You have been taking care of the house, which RELE is renting.

After you received the offer from EFEL, you immediately informed Béatrice about the proposal. She was not thrilled about the prospect of relinquishing the language school. After all, she helped set up the business and has worked hard over the years to make it profitable. Although you would never say it out loud, your younger sister Béatrice has always been a priority for you. EFEL said that it might continue to employ her but you are not totally confident that this will happen, as EFEL has its own management team.

However, the offer came at the right time. You are permanently overworked and hardly have time for anything but work. You feel that, with your advancing years, you should greatly reduce your involvement in both RELE and the management of the family home. For example, often the management of rent payments to your other siblings has been contentious. Pierre, in particular, always complains about not getting a big enough cut. Moreover, you are concerned as the offer from EFEL is contingent on substantially remodeling the house. Not much will be left unchanged and you wonder whether this would be in line with your parents' wishes and their vision for the family home.

Priorities

A key question during the family council will be whether to sell the language school and the family home and, if they are sold, how to split the proceeds. You are a bit torn but, in principle, you have a strong preference toward selling both, which would let you finally have a bit more time for yourself (priority 1). If the business is kept on, you want Béatrice's agreement to take full responsibility of the language school, with you neither substantially supporting her nor taking on a formal role (priority 2). You will try to preserve a good relationship with your siblings (priority 3). You believe that the RELE business on its own has value and so Béatrice and you should get a premium from the overall proceeds from EFEL, probably 46% to 50% in total (priority 4). What is also important for you is that the family home should not be changed substantially, even if this means a lower offer from EFEL (priority 5).

Personality: try to act out these characteristics from time to time during the family council

You are the oldest sibling. You can sound patronizing and dismissive of your siblings' opinions, not really addressing their concerns. You are quite stressed and sometimes speak loudly to make a point.

Task

Based on this background information, you should take part in the family council with your siblings in the way that you think most effectively promotes your key interests and reflects your underlying motivations. Decide what you want to discuss and how to use the 30 minutes of the family council most effectively.

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