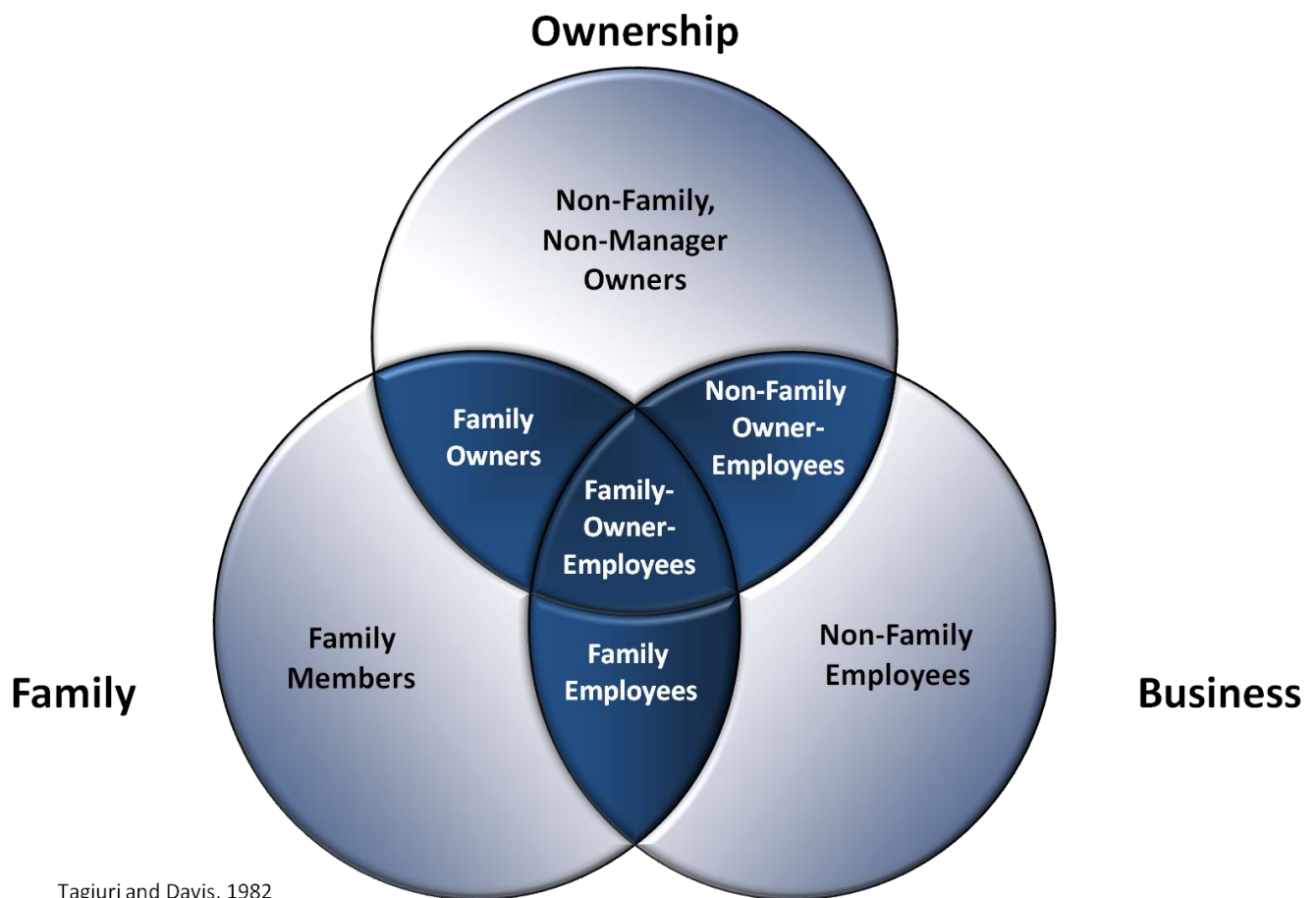


# THE THREE-CIRCLE MODEL AND FAMILY BUSINESS SYSTEMS

The Three-Circle Model is a simple but powerful framework that explains how family business systems work. Developed in the 1970's by Professors Renato Tagiuri and John A. Davis at Harvard Business School, this model has become the central paradigm of the family business field.

The Three-Circle model shows as three overlapping and interdependent groups: the family business, the owners of the business, and the family that controls the business. Because each group influences the other two, positively or negatively, we focus on the combination of these three groups—or the family business system—not just the business. Cambridge Advisors to Family Business works with each of these groups to integrate and balance each group's legitimate needs and goals and to ensure that the family business system advances.



Any person involved in the family business system can be located in one spot in the Three-Circle diagram. Individuals can be members of one or more groups and each these memberships or roles will influence their views on the business. The overlapping circles define seven “interest groups” and each interest group has a typical view on key issues such as dividends or the employment of family members.