



FAMILY BUSINESS AUSTRALIA

TAKING CARE OF FAMILY BUSINESS.



GUIDE



TAKING CARE OF FAMILY BUSINESS.



CONTENT

Other booklets in this series:

THE KEY TO WORKING WITH YOUR FAMILY.

WINNING THE FAMILY BUSINESS GAME.

EXIT OPTIONS & STRATEGIES FOR A FAMILY BUSINESS.

Aurora Energy, always committed to providing better advice for your energy needs, has combined forces with Family Business Australia to provide advice for your family business needs. Family Business Australia is the peak body for families in business, and simply put, aims to support you in finding both personal and professional fulfillment while working with the ones you love.

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ARE YOU IN BUSINESS WITH FAMILY?

- Do you work with your spouse or children?
- Do you work in a business started by your parents or grandparents?
- Do you work together with your siblings or cousins?
- Do you share ownership with other members of your family?
- Do you plan to pass your business on to your children or other relatives?

If so, congratulations. You are a member of a family business!



FAMILY BUSINESS = SMALL BUSINESS?

Often when people think 'family business' they have in mind the image of a small business. However family businesses include some of the largest and longest surviving businesses, not only in Australia, but around the world. Well-known Australian business families include names such as Packer, Lowy, Murdoch, Smorgon and Myer.

Mind you, they also constitute some of the smallest of businesses. Some of which are a lifestyle activity rather than a business in the traditional sense. Here we come to the core of what family business is about. You can make of it what you want; what suits you and your family. Family business offers you the opportunity to fulfil your ambitions, be they wealth creation or lifestyle.

In Australia, family businesses constitute 67% of all private sector firms and employ 50% of the workforce. Recent surveys estimate the combined wealth of family businesses in Australia at \$4.3 trillion, over 3.5 times the value of all companies listed on the Australian Stock Exchange.



FAMILY BUSINESS = COMPLEX BUSINESS

Because of the perception that 'family business' equals 'small business' it is often thought that family business equals a 'simple business'. However the opposite is true. Family business brings together two contradictory but basic human desires – love and money. Combining these in the



context of a commercial enterprise gives rise to a level of complexity beyond that faced by those in the corporate world.

Balancing the commercial imperative to build a profitable business with the needs of the family is not easy. For example if we look at the issue of employing staff, do you employ the best qualified applicant, or do you give preference to your son or daughter?

Do your children need to face the same recruitment criteria or performance evaluation processes that apply to other employees? How do you go about sacking your son if he's not up to the job?

These are just some of the difficult decisions faced by those who choose to work with family.

THE ADVANTAGES OF WORKING WITH FAMILY

When things are working well in a family business, these businesses can produce incredible outcomes at both a personal and commercial level. The love of the business and its link to the family's heritage can bring a level of commitment, long-term thinking and responsiveness that those in the corporate world long for, but find hard to achieve.

This is because working with the ones you love can bring a powerful passion for success. When combined with a link to shared family values and a high level of trust, it creates a recipe that is hard to replicate.

Add to this the pride and the personal responsibility for quality which comes from 'having our name on the product' and you have the ingredients for long-term success.



TAKING ADVANTAGE OF THESE OPPORTUNITIES

The opportunities for your family business lie in recognising your strengths and building on them.

1. Be family business proud. Pride in your family, the product or service you provide, and the high trust relationships that you have with employees, customers and suppliers sets you apart in the business community. Use the marketing clout that comes from your family values.
2. Nurture and develop the talents of both family and non-family employees.
3. Foster close family relationships to maximise these opportunities. Sometimes this is easier said than done. If you find it too difficult to do alone, don't be afraid to get outside help.



TRAPS TO AVOID WHEN WORKING WITH FAMILY

One of the dangers that can arise when working with family is finding the right degree of separation between the family and the business. This will vary from family to family, so there is no perfect answer.

It's wise to be aware of the issues that can give rise to increased tensions. These include:

- The impact of family relationships on business relationships, eg father/boss, sister/marketing manager, brother/co-owner.
- Business transitions such as a change of ownership or leadership from one generation to the next can create pressure on both the family and the business.

- 'It's all personal'. Because of the strong personal links between family members, differences of opinion on business matters can sometimes be interpreted as a personal attack.

Successful family businesses are aware of the flashpoints and develop strategies to deal with them such as:

- Remember that you are not alone. You can be assured that whatever situation you find yourself in, other family businesses have also experienced something similar. Family Business Australia provides opportunities for families in business to meet and share their experiences.



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- Communicate, communicate, communicate! Most of the issues you face can be resolved if family members talk to each other about the really important things.
 - Recognise when things are going off track and do something about it well before it becomes a crisis.
 - Don't be afraid to ask for help. Speak to your advisers and if not sure where to go, contact Family Business Australia or one of their Accredited Family Business Advisers.

Most importantly, realise that you are not alone. There is support available.



THE BOTTOM LINE

Your family business offers a fantastic platform for creating wealth and opportunities for your family. Whether you want to use it to create a business empire or a lifestyle business is up to you.

The starting point is to recognise the choices you have and work together to achieve the objectives that are right for your family business.



WHERE TO GO FOR SUPPORT

Family Business Australia

For a list of state contacts please visit www.fambiz.com.au

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