2006

MGI Australian Family & Private Business Survey

MGI

Business Solutions Worldwide

The MGI Family and Private Business Survey 2006

Researched and Prepared by

Professor Kosmas X. Smyrnios & Lucio Dana

RMIT University

The research support of Carol Tan, Adeline Loh, Laurie Armstrong, and Reece Lamshed are gratefully acknowledged. MGI proudly supported this research: October 2006

The information in this report is based on data collected from selected businesses. We accept no liability on the information contained herein and therefore no warranty is given in relation to any statement or opinion or any error or omission, however caused.

Contents

Foreword

The MGI 2006 Family and Private Business Survey

Family and privately-owned businesses represent around 97% of businesses in Australia and employ a majority of the Australian workforce.

Because of their significance to our economy and way of life it is important to understand their special characteristics, challenges and priorities and their plans for the future. This research conducted by RMIT University sheds new light on these issues and, when compared with the previous 2003 study, reveals some significant trends.

The findings indicate that the transition from first to later generation family businesses is becoming less likely. Continued family ownership is either not desirable or not feasible for around 50% of owners. This is borne out by the significant decrease in multi-generational family businesses since the 2003 survey. Rather than pass the business on to the next generation it now appears that family businesses are being sold and the proceeds used by family members to establish new enterprises. *It could well be that we are seeing the decline of the dynasty.*

The survey highlights the intention of 81% of respondents to retire in the next ten years resulting in a transfer of wealth estimated by the authors at $3.5 trillion. Yet over 50% of owners state they are not exit or succession ready. Much of the focus on family businesses in recent years has been on succession planning, but it is apparent from the survey that sale-readiness has become a more important issue as the majority of the wealth transfer is likely to be by sale of business. The need to prepare for sale in light of the current lack of exit readiness appears to be the biggest issue currently facing privately-owned businesses in Australia.

*The **MGI Group** is a leading worldwide association of independent accounting, auditing and consulting firms operating in over 240 offices and more than 70 countries.*

The MGI Group is committed to supporting Australian private and family businesses and providing the proactive financial and business advice required by this sector. We were very pleased to be part of this highly important initiative. The findings of this survey will be of significant value not only to the privately-owned business sector, but to professional advisors and other interested parties.

I congratulate the authors and the RMIT University on their most valuable research.

Grant Field
MGI Australasian Chairman
Chartered Accountants & Business Advisers

Key Findings

Our main Survey findings show a decrease in the percentage of multigenerational family businesses and a proportionate increase in first generation family businesses when compared with 2003, and raise questions regarding both the *desirability* and the *feasibility* of family business continuity and succession for approximately half of Australian family businesses, particularly first generation businesses.

Desirability of Family Business Continuity and Succession

We find that 53% of family business owners are actively planning the future sale of their business either *now* or *later*. Moreover, 75% would seriously consider selling their business, if approached (cf. 84.2% for 3rd-to-5th generation businesses); with 46.2% reporting that they have been approached within the last five years.

Approximately three quarters of family business owners identify *accumulating family wealth* (34.4%), *increasing the value of the business* (19.8%), and *growing the business* (19%) as their main business objectives. Very few list as objectives *passing the business on to the next generation* (5.9%) or *employing family members* (4%).

Only 23% of family businesses have a policy of definitely remaining family owned; with another 33% only expressing a first preference for that outcome. At the same time, 48% foresee the family relinquishing management control in the future, and 54.3% indicate that the current CEO is more likely to be succeeded by a nonfamily member. Moreover, although 78.5% report that they regard succession planning as important, 80.3% have **NOT** documented management succession plans; 75.2% have **NOT** documented ownership succession plans; and 65.1% indicate that the family has **NOT** agreed upon the succession plans and succession of the next CEO.

These figures indicate that approximately half of family business owners have little commitment to continued family ownership or leadership of their business. As a result, succession and succession planning are not priorities for them. We conclude, therefore, that nearly half of all family businesses are less likely to become later generation firms, not as a result of any failure on their part, but because their intentions, as well as their active plans, are to exit their businesses via a trade sale. To that extent, it would be inappropriate simply to equate family business success with succession.

Feasibility of Family Business Continuity and Succession

Concurrently, 56.8% of family business owners do **NOT** think that younger generation family members are as interested in the business as the older generation; 15% give *lack of a family successor* as their primary reason for planning to sell their businesses, 7.6% express concern about the lack of family interest in the business, and 9.3% express concern about successor selection. These findings raise doubts about the *feasibility* of succession even for those family business owners who consider continued family ownership to be desirable, and are not actively planning to sell their business.

Given that continued family ownership appears to be neither desirable nor feasible for approximately half of family business owners, it is not surprising that family business survival rates are usually reported to be low.

Based on the indicated levels of desirability and feasibility of succession, the survival rates for family businesses are likely to be in the 25-35% range.

Key Findings (continued)

Reduction in the Percentage of Multi-generation Family Businesses

An intriguing finding in this Survey is the *decrease in the percentage of multi-generational family businesses* (from 45% to 31% of the total), and the proportionate increase in the percentage of first generation family businesses (from 55% to 69%), when compared with 2003. Also noticeable is the reduction in the average age of firms from 34 to 28 years, and in the percentage of family business owners aged 65+ years from 20% to 14%.

Significantly, many more 3rd-to-5th generation (57.1%) and 2nd generation (28.6%) family businesses gave *sale price exceeds expectations* as their main reason for planning to sell their businesses, than 1st generation (11.9%) family businesses. Similarly, many more 3rd-to-5th generation (28.6%), and 2nd generation (14.3%) gave *concern for the future* as a reason for planning to sell their businesses, than 1st generation family businesses (6.4%).

A related finding is that 63% of family business owners report *previous involvement in a business* that was sold (30.6%), no longer operates (14.9%), was wound up (9.8%), or was split up (7.7%). These figures suggest that a considerable percentage of family business entrepreneurs could be classified as *serial business owners* who are not wedded to a single line of business, but exploit each business opportunity to the full, then sell and reposition some or all of their assets in another.

It is quite likely, therefore, that a number of multi-generation family businesses have seized the opportunities presented by the buoyant economic conditions of the past few years to sell their businesses, enabling some family members to start new businesses, or acquire existing businesses, and generate another cycle of family enterprise start ups and succession challenges. It would be interesting to find out in future surveys if this is a trend, and whether it is likely to continue.

Other Significant Findings

- Approximately half of the family business owners see themselves working in the business beyond age 65 years, primarily due to good health and longevity (44.4%), as well as due to identity with, and inability to dissociate themselves from, the business (18.8%). Only 24.5% indicate that they are looking forward to their retirement.
- Just over half do **NOT** think that their businesses are exit or succession *ready*, although 83.9% of owners would like them to be. This is a more clearly indicative assessment by owners of their lack of preparedness to exit their businesses than the lack of *documented* succession plans, since it is a relatively unambiguous statement that applies equally to both family succession and sale of the family business to third parties.
- In 1st and 2nd generation family businesses, many more sons (30%) are involved in day to day management than daughters (5%). This compares with sons (33%) and daughters (22%) in 3rd-to-5th generation businesses. Irrespective of generation, however, it appears that sons are 10 times more likely to succeed the current CEO (74.9%) than daughters (7.2%).
- Of concern is the finding that a majority of businesses do **NOT** use life assurance to minimise financial loss from the death of key family and nonfamily members, or business partners; with 43.5% indicating that the Founder/CEO is **NOT** covered. This is exacerbated by the report that 56.2% of owners do **NOT** have contingency plans to cover unforeseen events.
- Half of the family business owners indicate that their retirement programs rely on superannuation (40% in 2003); 75% of them believe that their superannuation is adequate (47% in 2003); and 67% of them report having self-managed superannuation funds (56% in 2003).

Snapshot: 2003 Versus 2006

	2003 % (n=738)	2006 % (n=954)
Proportion of Australian Firms that are Family Businesses	**67**	**67**
First generation	55	69
Second generation	28	23
Third to fifth generation	17	8
Estimated Wealth of Australian Family Firms	**$3.6 trillion**	**$4.3 trillion**
First generation	$2.0 trillion	$3.0 trillion
Second generation	$1.0 trillion	$987 billion
Third to fifth generation	$592 billion	$346 billion
Profile of Owner		
Average age	56 years	55 years
65+ years	20	14
Female	10	4
Tertiary qualified	60	52
Married	87	90
Profile of Business		
Industry		
– Manufacturing	40	26
– Wholesale/Retail	30	33
– Technology	5	5
– Construction	10	13
Legal Structure		
– Private Company	79	73
– Family Trusts	15	19
Average age of firm	34 years	28 years
Size		
– Number of Employees (Mean)	31	39
– Have divisions in other States	29	33
– Have divisions overseas	8	8
How Firms are Growing		
Average turnover (gross sales)	$12 million	$12 million
Average (%) growth in sales over previous three years	10	16
Average (%) growth in net profit before tax (as a proportion of sales over previous three years)	13	12
Proportion dissatisfied with size	40	31
Proportion dissatisfied with rate of growth	40	33
Financial Strategies		
Would consider offering part ownership to secure funding for growth	28	28
Benchmarking		
Against industry	56	50
Against world best practice	19	17
Governance & Control		
Relinquishing future management control	33	48

Snapshot: 2003 Versus 2006 (continued)

	2003 %	2006 %
Future Business Ownership Transfers		
Would seriously consider selling business if approached	76	75
Plan to sell the business now or later	50	53
Of those that plan to sell business, it is because:		
– Wish to retire	32	31
– Original Intention	15	17
– Sale price exceeds expectations	20	17
– Lack of family successor	31	15
– Have concerns for the future	8	9
Definitely wish to remain a family business	32	23
Been involved in previous business	48	63
Value of Wealth Transfer Over Next 10 years	**$1.6 trillion**	**$3.5 trillion**
Plan to retire in the next 10 years	70	81
By generation of ownership		
– First generation	$808 billion	$2.5 trillion
– Second generation	$458 billion	$760 billion
– Third to fifth generation	$278 billion	$246 billion
Sources of Capital		
Retained profits	65	55
Cash flow	45	56
Bank loans	38	25
Bank overdraft	31	32
Leasing	24	23
Business Objectives		
Accumulate wealth	46	34
Increase value of business	14	20
Grow the business	13	19
Management Planning		
Nonfamily on Board (Executive & Non-executive Dirs.)	12	12
Family members in the Management team (Average)	47	63
Do NOT have written business plan(s)	34	53
Do NOT have formal strategic plan(s)	53	55
Do NOT have written job specifications for management	36	52
Weekly management meeting	28	61
Family Involvement in Day-to-Day Running of the Business		
Spouse	49	53
Son(s)	49	30
Daughter(s)	9	5
Management Incentives		
Cash payment	57	57
Based on owner's discretion	55	62
Based on formula	46	38
Share of Profit	30	18

	2003 %	2006 %
CEOs (Non-owners)		
Average age	53 years	51 years
Female CEO	3	5
Tertiary qualified	47	45
Tenure	21 years	17 years
Succession Planning		
Would Consult		
– Accountant	38	39
– Financial planner	26	9
– Lawyer	10	20
– Professional business consultant	14	15
Equity transfer to family members through		
– Wills	46	44
– Sale	23	28
– Gift	23	25
Management Succession		
– Have documented succession plan	23	20
– Does NOT cover unforeseen events	54	56
– Relevant members have NOT agreed plans	61	65
– Current CEO to be succeeded by nonfamily manager	47	54
Ownership Succession		
– Have documented ownership succession plan	24	25
– Ownership succession plan implemented	27	24
Have Concerns for Future (particularly in relation to)		
Funding for growth	17	6
Particular industry	15	21
Selecting a successor	11	9
Financial performance	27	31
Retirement of Owners		
Have reservations about their retirement	27	17
Do NOT have adequately funded program	30	28
Dependent on Superannuation	40	50
Superannuation is adequate	47	75
Requires continued business ownership	27	19
Relies on realisation of business assets	36	35
Requires sale of business	16	31
Superannuation		
Have self-managed superannuation fund	56	67
Insurance		
Do NOT have life assurance to minimise financial loss from death of CEO	45	44
Taxation		
Seriously considered moving business overseas	15	13

1 Introduction

Since the early 1990s, Professor Smyrnios and colleagues have undertaken the five major national Surveys of family businesses (Smyrnios & Romano, 1994, 1997, 1999; Romano, Smyrnios, & Dana, 2000; Smyrnios & Walker, 2003). This study builds upon these earlier works, forming part of a longitudinal examination of factors associated with and affecting not only these enterprises, but also nonfamily private firms.

According to Zahra, Klein, and Astrachan (2006), family firms represent the most enduring organisational form, comprising SMEs focusing on domestic markets to large multinational conglomerates listed on exchanges around the world. Given the importance of global markets, family enterprises, like their counterparts, are under significant pressures to evolve in order to exploit emerging opportunities in both domestic and international markets.

There are many facets associated with family firms, including issues relating to ownership, managerial control, degree of family involvement, and whether family members are available for generational transfer. Issues of leadership, succession, workplace relationships, communication and change can take on added intensity when they involve people linked by blood as well as business.

Family enterprises face many issues. However one of the critical challenges is succession and survival to become a multigenerational firm. In 2003, the *Family Business Review* journal published a preliminary list of the world's one hundred oldest firms. Interestingly, in Japan there are at least 746 long-lived firms that have been operating for more than two centuries, including 25 firms founded in the ancient era (before 1191AD) and 65 in the middle era (1192 to 1573AD).

The Central Role Played by Family Businesses in the Australian Economy

Family enterprises account for a substantial proportion of worldwide businesses (Gersick et al., 1997). This national study identifies that approximately 67% of privately owned firms are family businesses, and is in accord with our 2003, 1997, and 1994 surveys. This figure is likely to be conservative because in this study, business owners themselves identified whether their firms were family or nonfamily entities.

Family enterprises generate more than half of Australia's employment growth and account for about 40% of Australia's private sector output. Perhaps not surprisingly, over half of Australia's top 500 private companies are family owned (Matterson, October 26-27, 2002). Family enterprises remain the largest employer group with over 50% of the private sector workforce (Smyrnios & Romano, 1994, 1997; Smyrnios & Walker, 2003).

By comparison, Klein (2006) reported that 67%-84% of German, 85% of Italian, 79% of Swedish and 70% of UK enterprises can be classified as family businesses, accounting for between 35% and 65% of GDP. In the US, over 90% of firms have been identified as family enterprises (Astrachan et al., 2002). Beckhard and Dyer (1983) estimated that family businesses accounted for half of the GDP and employed about 50% of the US labour force.

2 Definition of Family Business

For most people, family business tends to be regarded as small business. In fact, examination of some of Australia's ASX-list companies (e.g., Westfield, Just Jeans, Harvey Norman) indicates high levels of family control. Examples of well known international family-controlled companies include Lego in Denmark; Michelin in France; Kikkoman in Japan; Tetra Pak and IKEA in Sweden; and Estee Lauder in the US.

There is still no widely accepted definition of family business. Recently, Klein, Astrachan, and Smyrnios (2002, 2005) proposed a radical shift in the way in which family firms should be regarded. Rather than dichotomising enterprises, these academics ask: What makes a business a family business? Their answer is the ascendancy of the owning and or managing family. For Goehler (1993), family influence constitutes the family business. At the most basic level, what differentiates a family business from other profit seeking organisations is the family's influence on the decision making and operations of their firm (Chrisman, Chua & Zahra, 2003).

The work of Klein, Astrachan, and Smyrnios (2005) demonstrates that there are discrete and particular qualities or characteristics of a business that are more appropriately measured on a continuum with family and nonfamily firms at either end of a spectrum. The extent and manner of family involvement in and influence on an enterprise are regarded as key elements.

According to Klein, Astrachan, and Smyrnios (2005), there are three important dimensions of family influence: *Power*, *Experience*, and *Culture*. *Power* refers to dominance exercised through financing the business (e.g., shares held by the family) and through leading and/or controlling the business through management and/or governance participation by the family. *Experience* refers to the knowledge families bring into their business and is defined by the generation in charge in management and ownership (more generations, more opportunity for relevant family memory). *Culture* refers to values and commitment. Family commitment is seen in the overlap of business and family values.

3 Methodology

Sampling Frame

A random sample of 5000 businesses based on location by state, industry, number of employees, and sales turnover was obtained from Dun and Bradstreet (2006) who randomly selected companies in the proportions found in the Australian population of employing small-to-medium enterprises (SMEs) (*N* = 832,160) and large corporations (*N* = 4,918). Public sector, agricultural, micro businesses, and non-employing firms were excluded, as were companies whose turnovers were less than $1million.

Responses were received from almost 20% of proprietors surveyed, which compares most favourably with our previous 2003 Australian Surveys. Overall, these findings can be seen as representative of Australian privately owned enterprises. As shown in Figure 3.1, a breakdown of responses by State demonstrates that the characteristics of our participants are comparable to those reported by the Australian Bureau of Statistics [ABS] (2004).

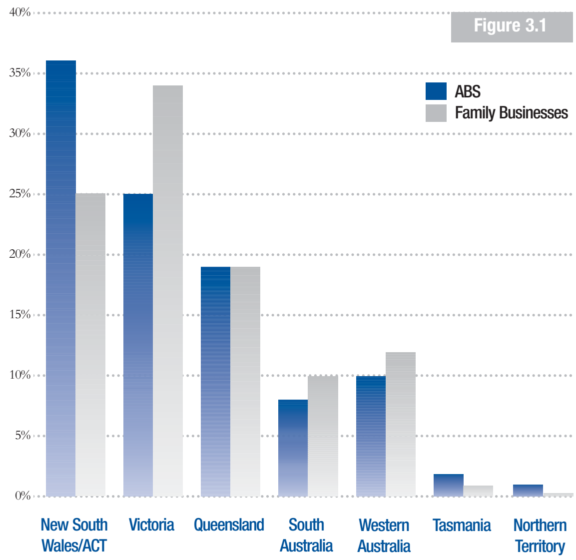


Figure 3.1 Business Locations by State

4 Profile of Owners

The Australian Family Business Questionnaire: 2006

This national study involved a 200-item questionnaire developed by a team of experts including academic researchers and family business consultants. There are 10 sections: Background on Business; Management of Business; Family Business Issues; Succession; Retirement and Superannuation; Banking, Insurance and Advice; Planning the Growth of the Business; Alternative Investment in Family Business; International Operations; and Background of the Owner.

Procedure

Questionnaires were sent with a covering letter explaining the purpose of this study and were returned in stamped, self-addressed envelopes. As a way of dealing with common methods bias, participants were given the option of completing the Survey on-line. Data were analysed using SPSS for Windows (Norusis, 2005). ***(Please note that in the body of this Report, except in Tables and where the context makes it clear, statistics for nonfamily business owners are included in parentheses.)***

Background of the Owner

In Australia, the family business has existed for an average of 28 years (34 years in 2003). Information on the background of family business owners reveals that the average age is 55 years (53 years), ranging from 33 years to 80 years. Of note, most family business owners are in the 50-65 age bracket; very few are under 40 years of age; 14% of owners are over the age of 65 years; 6.4% are in their 70s; and 0.4% are in their 80s (Table 4.1). These senior entrepreneurs would have taken advantage of post World War II opportunities to set up their businesses.

Table 4.1

Age of Family Business Owners (yrs of age)	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Less than 39	(5.1)	3.0	7.4	-
40-49	(20.4)	22.0	11.1	31.6
50-64	(60.4)	64.0	59.3	42.1
65-69	(7.2)	7.3	5.6	15.8
70-79	(6.4)	3.7	14.8	10.5
80+	(0.4)	-	1.9	-

Note. Proportions in parentheses are overall values on that dimension

Table 4.1 Age of Family Business Owners

In line with 2003, findings suggest that a substantial proportion of owners are not only actively involved in their enterprises, but also reluctant to relinquish control, if not retire to non-business activities with 44% indicating that they see themselves working beyond age 65. Comparisons with the US reveal that 29% are aged 60 years or above, with 11% aged over 70 years (Mass Mutual & Raymond Institute, 2002).

Country of Origin and First Language

With regard to country of origin, almost 79% of owners are Australian born, 15% from UK and Europe, 1% from Asia, and the remaining respondents are from other countries (e.g., USA, NZ). About 97% reported that English is their first language. These proportions reflect those of our 1997 and 2003 Reports.

Education

Over 50% of owners have tertiary/post secondary qualifications compared with 48% who have only secondary-level education. The 2002 Massachusetts Mutual report indicates that 48% of US owners are tertiary qualified (college graduates).

Gender

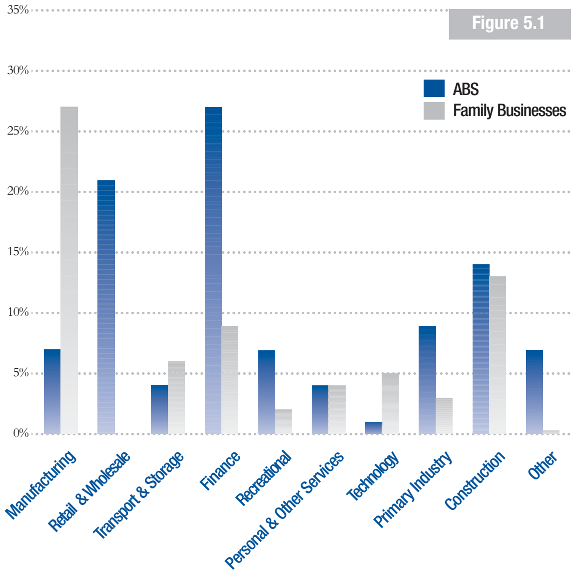
Approximately 96% of owners are male (98%) and 4% female (2%). Compared with 2003, a decrease of 6%. The generational breakdown of female owners is revealing: 3% for first generation, 6% for second, and 11% for multigenerational family businesses.

Marital Status

The majority of owners, 90% (78%) are married, 3.5% are separated/divorced, and 2% are single.

Type of Industries

Figure 5.1 shows a breakdown of businesses into the 11 industry (ASIC) categories. Over 25% of owners are in manufacturing, 32.8% in the wholesale or retail trade, 13.2% are in construction, and 5.1% are in the technology area. While every attempt was made to obtain a representative random sample; participants appear to be over represented in the manufacturing, technology & communication services, and retail and wholesale sectors, but under represented in finance, property, and business services.



Note. Industry classifications are defined by the following activities and/or categories: Finance includes property and business services; Primary includes mining and agriculture; Technology includes communication services; Recreational includes hotels, restaurants, food and catering; and Multiple Industries encompasses businesses that are involved in more than one industry.

Figure 5.1 Industry Type

Establishment of Business

On average, family businesses in Australia have been established for 28 years, ranging up to 150 years (i.e. fifth generation firms). Approximately 9% have been owned by the same family for 5-10 years, 35% for 11-20 years, 23.5% for 21-30 years, 20% for 31-50 years, and almost 13% for longer than 50 years.

Number and Type of Business Locations

Over 67% of firms have only one business operation, ranging up to 28 national locations; with 33% having more than one location, and almost 8% report having overseas locations. Only 13% of family business owners (21%) indicate having seriously considered moving their business operations (or part) offshore. These findings confirm that small-to-medium family firms rarely choose to internationalise their organisations (Fernandez & Nieto, 2005).

Legal Structure

As expected, family businesses favour a private company structure (73.1%); followed by family trusts (18.8%), unit trusts (6%), and partnerships (2.6%).

Ownership Structure

For those owners who consider their enterprises to be family firms, Figure 5.2 shows that about 80% note that 100% ownership is through one family, 11% indicate that more than 50% but less than 100% of ownership is through one family, 7.3% through a group consisting of more than one family, and 1.7% report that the family has control or provides management to the business.

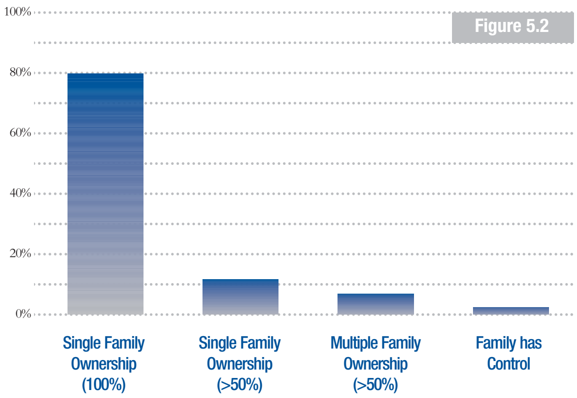


Figure 5.2 Ownership Structure

Approximately 58% of family business owners report never having considered expanding business ownership to non-family managers (27%). A small proportion of family business owners report that equity in the business is held by nonfamily members, with 8% of those indicating that the equity is held by nonfamily managers/ employees; average amount of equity = 25%. Almost 3% report that equity is held by nonfamily investors; average amount of equity = 19%.

6 Employees

The median number of equivalent fulltime employees in family businesses is 15 (17) employees. Figure 6.1 shows the distribution of personnel across the generations of family businesses.

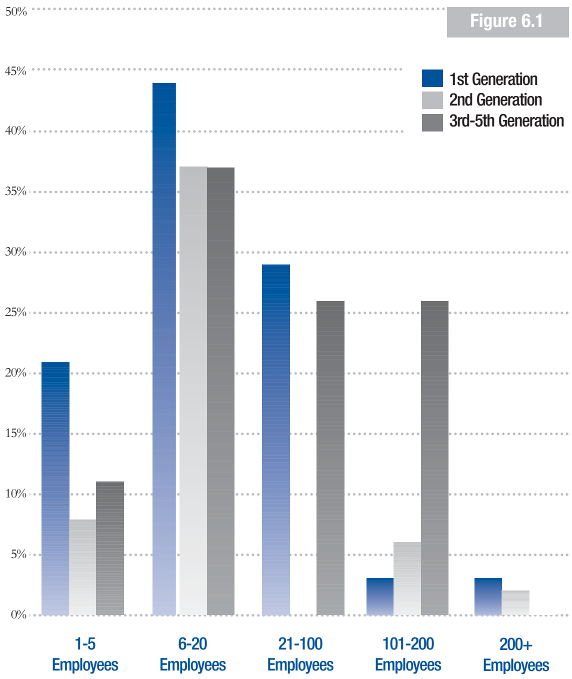


Figure 6.1 Number of Full Time Employees

7 Gross Sales

8 Business Growth

As shown in Figure 7.1, for the 2006 financial year, 49% of proprietors report sales between \$1m and \$5m, with 26.7% noting sales between \$6-19m, 5.5% between \$20-49m, and 6% in excess of \$50m (Median \$12.5m). The average percentage growth in net profit before tax (as a proportion of gross sales) over the last 3 years has been 12% (13%). Sales above \$20m are comparable for 2005 and 2004. Poutziouris et al. (2002) reported that 64% of UK firms have a sales turnover of up to £10 million (Median £6.7 million). By further comparison, the 2002 Mass Mutual & Raymond Institute report noted mean annual revenues of \$36.5 million with combined revenues of \$54 billion.

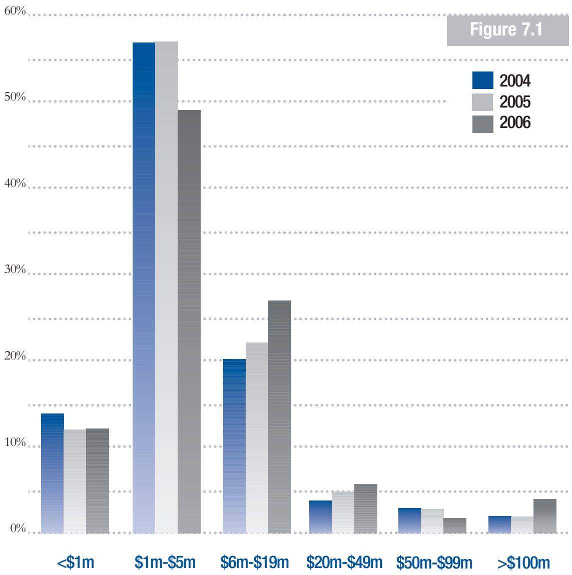


Figure 7.1 Gross Sales by Year

The average rate of growth in sales over the previous three years is about 16% (Median of 10%; Range minus 25% to 300%) compared with 10% for the previous study. Close to one third of owners state that they are **NOT** satisfied either with the rates of growth, or the current size, of their businesses.

It is interesting to note that approximately 20% of the 2006 BRW Fast100 growth companies identify themselves as family-controlled entities, most of which were established within the previous 10 years. Within this context, Zahra (2005) reported that family involvement in the business can promote entrepreneurship, whereas long tenure of CEO founders tends to stifle entrepreneurial flair geared towards growth.

Family versus Nonfamily Firms

A range of organisational characteristics (e.g., business planning; family organisation & governance) and ownership factors (e.g. business objectives; culture) has been found to influence organisational performance in both family and nonfamily firms (Aronoff, 2004). Although a number of investigations of organisational performance report nonsignificant differences between rates of growth of family versus nonfamily firms, the present investigation reveals some interesting findings. In comparison to nonfamily enterprises:

- A higher percentage of family firms are satisfied with their size – 68.7% (54.5%) and growth rate – 66.8% (51.9%). However, fewer family firms, 52.7% (72.15%) wish to become major players in their industry.
- A higher proportion of family firms plan to achieve growth by increasing profit margins – 19.6% (15.2%).
- Less than half as many family firms plan to achieve growth through joint ventures – 3.1% (7.1%)

For both family and nonfamily enterprises, the three prime strategies for achieving growth are through increasing sales, increasing profit margins, and via new product/process development. Almost 9% of family enterprises (versus 2%) are NOT planning to grow (Table 8.1).

Table 8.1

How Firms Plan to Achieve Growth	Family Firms (%)	Nonfamily Firms (%)
Increasing sales	45.3	53.6
Increasing profit margins	19.6	15.2
New product/process development	12.4	13.4
Acquisitions	4.0	3.6
NOT planning to grow the business	8.9	1.8

Table 8.1 How Family & Nonfamily Firms Plan to Achieve Growth

9 Sources of Capital

10 Governance: Board of Directors

Sources of Funding

Sources of funding are governed by *Pecking Order* principles as indicate in Table 9.1.

Table 9.1 also shows that, irrespective of generation of ownership, family business owners are most favourably disposed towards the use of cash flow and retained profits as sources of capital. For first and second generation businesses these sources are followed by bank overdraft, shareholders' funds, and bank loans. Third to fifth generation firms appear to place greater reliance on shareholders' funds and family loans, but less on leasing finance than their first or second generation counterparts.

External Equity Finance

Consistent with recent UK findings (Poutziouris et al., 2002), external equity finance seems to be the least favoured source of capital by families in business. Moreover, fewer family proprietors, 27.6% (39.6%) are prepared to consider offering part of the ownership of their business to secure funding for growth. As shown in the Table 9.1, nonfamily firms are more likely to utilise equity finance, shareholder funds, and "other" sources of finance than family firms.

Table 9.1

Sources of Capital for families in business	(%)	1st Generation (%)	2nd Generation (%)	3rd to 5th Generation (%)	Nonfamily Firms (%)
Cash flow	**(55.7)**	57.9	51.9	73.7	54.8
Retained profits	**(55.3)**	55.5	55.6	57.9	54.8
Bank overdrafts	**(31.9)**	31.7	31.5	26.3	24.3
Shareholders' funds	**(26.8)**	26.2	31.5	42.1	39.1
Bank loans	**(25.1)**	22.6	29.6	31.6	25.2
Leasing	**(22.6)**	24.4	24.1	15.8	17.4
Family loans	**(18.3)**	14.6	24.1	31.6	7.8
Equity finance	**(12.3)**	13.4	11.1	-	19.7
Other	**(4.7)**	6.7	10.5	-	8.7

Note. Proportions do not add to 100% as respondents rated the three most important sources of capital. Proportions in parentheses are overall values on that dimension. - denotes statistics are unavailable.

Table 9.1 Sources of Capital by Generation of Ownership and by Nonfamily Firms

Board Composition in Family Businesses

Ward (1997) suggested that for the rapidly growing family business, an active Board of outside directors can serve a number of functions, including assisting family business owners to deal with feelings of isolation in their daily struggle to survive and to excel, heightening accountability of the business, and improving quality of corporate decision making and planning without significant loss of privacy. About 51% of family businesses report having a Board of Directors, with the majority comprising one-to-two directors. On average, Boards comprise 2 family executive Directors. A relatively small proportion of enterprises indicate Boards comprising: one family non-executive director (16.3% of firms), one non-family executive director (6% of firms), and one nonfamily non-executive director (6% of firms). Reasons given for the absence of nonfamily executive directors are set out in Table 10.1.

Table 10.1

Reasons Given for NOT having Nonfamily Executive Directors on the Board	(%)
Family members have all the skills required at Board level	30.0
Desire to retain privacy	13.4
Unable to find someone suitable	2.8
Unable to find someone willing to take the position	2.5
Expense	2.1

Table 10.1 Reasons for Absence of Nonfamily Executive Directors

Board Meetings

Approximately 41% of family businesses hold regular Board meetings (Table 10.2). On average, Boards meet once every three months; with 14.5% of owners indicating that the Board meets monthly.

Table 10.2

Board of Directors Meetings	(%)
Do NOT hold regular Board meetings	58.9
Hold monthly Board meetings	14.5
Hold yearly Board meetings	2.8

Table 10.2 Board of Directors Meetings

11 Governance: Management

Management by Generation of Ownership

The breakdown by generation managing the family business set out in Table 11.1, demonstrates that about 69% of owners identify themselves as first generation family owners, 23% as second, and 8% as third to fifth generation. These figures indicate that there are 3 times as many first generation family businesses as there are second generation, and that there are 3 times as many 2nd generation as there are third to fifth generation family businesses. These proportions reveal an interesting shift. In 2006, we find that there is a significantly smaller proportion of multigenerational entities, but a greater percentage of first generation firms, when compared with our 2003 study (see *Snapshot*).

Table 11.1

Current Generation Managing the Family Business	(%)
First generation	69.2
Second generation	22.8
Third generation	5.1
Fourth generation	2.5
Fifth generation	0.4

Table 11.1 Current Generation Managing the Family Business

The Management Team

As might be expected, about 39% of family firms have management teams comprising of 100% family membership (median 66%). A detailed examination of this characteristic reveals that only 0.4% of family businesses do **NOT** have family members who are part of the management team. However, 45% of family firms have management teams comprising up to 50% nonfamily members. Interestingly, 70% of 1st generation family business owners indicate that family membership is **NOT** important when considering senior appointments compared with 57% for 2nd generation, and 42% for 3rd–to-5th generations.

Involvement of Family Members in the Day-to-Day Running of the Business

Spouses are involved in the day-to-day running of 53.1% of family firms, as well as sons 29.8%, daughters 5%, and other family members 12.4% (Table 11.2). More daughters (and other family members) are involved in later generation businesses and more spouses in earlier generation businesses.

Table 11.2

Family Members Involved	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Spouse	(53.0)	60	28	17
Son	(30.0)	25	56	33
Daughter	(5.0)	4	4	22
Brother	(3.0)	2	2	11
Sister	(0.4)	-	2	-
Other	(9.0)	9	9	17

Note. Proportions in parentheses are overall values on that dimension

Table 11.2 Family members most involved in the family business, in relation to the owner

Remuneration Rates for Family Members Working in the Business

Almost 64% of owners indicate that family members are paid market rates, with about 26% reporting family are paid above market rates, and only 10.4% reporting that family members are paid below market rates.

Outside Management Experience

One of the major issues facing family businesses is how to bring members of successive generations into the enterprise. The family business literature invariably recommends that potential successors acquire outside work experience before joining the firm. Successors who have had an opportunity to prove themselves outside the family business before joining have a greater chance of feeling that

12 Management Planning & Communication

they have received adequate preparation for their role. Interestingly, 54.7% of family business owners do **NOT** make outside experience a prerequisite for family members to join the business (43% for 1st, 46% for 2nd, and 58% for 3rd-to-5th generation family businesses). These results are consistent with findings in our 2000 *Succession Matters: The Australian Family Business Survey*, demonstrating that owners do not appear to attach much importance to outside management experience, ranking it 24th out of a list of 30 critically important successor characteristics.

Family Business Nepotism

Nepotism may be frowned upon by the family business literature, but it does not appear to bother a quarter of family business respondents who indicate that family members are *found a position in the business*. However, the other three quarters point out that family members are employed *only* if their skills and experience fit a particular opening in the business.

Leadership Profile of the Non-Owner Chief Executive Officer

The average age is 51 years for both family and nonfamily CEOs, with an average tenure of 17 years for non-owning family business CEOs (versus 10 years for nonfamily firms). Almost 95% of non-owning CEOs are male (96.2%). For non-owning CEOs, 29.5% (42.6%) hold tertiary qualifications, and 15.4% (16.7%) have postgraduate qualifications.

Management Planning

The descriptive breakdowns in Table 12.1 suggest that management planning is not a priority for a significant percentage of Australian businesses. As shown in Table 12.1, when compared with nonfamily entities, family firms are less likely to have business plans in writing, approved by the senior team, and revised annually. Notwithstanding this, more than three quarters of firms regard their plans as effective.

Table 12.1

Management Planning	Family Firms (%)	Nonfamily Firms (%)
Do NOT have business plan in writing and in place	53.5	40.0
Do NOT review their business plan annually	39.8	20.0
Do NOT have formal strategic (long-term) plan	54.5	50.0
Business plan approved by the Board of Directors	54.9	73.1
Business plan approved by the Management Team	61.4	79.3
Business plan is effective	76.4	80.6

Table 12.1 Management Planning

Formal Strategic (Long-Term) Plans

Approximately 55% (50%) of family business owners indicate that they do **NOT** have formal strategic (long-term) plans to guide their firms through changing business cycles. In their investigations of success factors of exceptionally well performing family businesses, Miller and Le Breton Miller (2005) found that long-term strategy was the consistent common factor amongst these enterprises. Ward (2005) points out that quality strategic planning starts with family, and that family values and vision shape company strategy as much as any extensive market analysis.

Formal Management Structures

Formal management structures are also lacking in family businesses, particularly among first generation family firms. Over 50% of family business owners report that they do **NOT** have formal management structures in writing and implemented. Almost 52% of family enterprises do **NOT** have job specifications for the management team in writing and in place (Table 12.2)

Management Meetings

On average, 61% of family businesses hold weekly management meetings, while almost 15% hold monthly management meetings (Table 12.2).

Management Planning, Involvement, and Communication	Family Firms (%)
Do NOT have management structure in writing & implemented	51.4
Do NOT have job specifications for management in writing	51.6
Do NOT have a performance appraisal system for family members	78.5
Do NOT have performance appraisal system for nonfamily members	52.7
Do NOT carry out regular performance appraisals	48.4
Proportion of management who are family members (Median)	66.0
Weekly management meetings	61.2
Monthly management meetings	14.5

Table 12.2 Management Planning, Involvement, and Communication

Performance Appraisals

Regular performance appraisals do **NOT** appear to be a common form of communication, with either family or nonfamily employees (Table 12.2). Only 21.5% of family businesses have performance appraisal systems for family members, and 47.3% for nonfamily members. Similarly, 48.4% of family businesses do **NOT** carry out performance appraisals regularly.

Management Incentives

Of those family business owners who provide performance incentives, many more do so at their own discretion (62.3%), than based on an agreed formula (37.7%). Table 12.3 lists the most favoured performance incentives used.

Management Incentives in Family Firms	(%)
Cash payment used as incentive	56.7
Profit sharing used as incentive	17.6
Lifestyle improvement used as incentive	10.7
Superannuation contributions used as incentive	4.7
Other	10.3

Table 12.3 Management Incentives

Benchmarking Against Best Practice

Benchmarking against industry or national best practice is undertaken by 50% of family and non family firms. However, only 17.4% of family businesses report benchmarking against world best practice compared with 30% for nonfamily firms.

Managing the Family/Business Interface

Family Constitution or Code of Conduct

The organisational structure of family business is different to that of nonfamily businesses. The owner is part of a family and has a duty towards the welfare of the business and the family. This dual role can lead to conflict. *A Family Business Constitution, Code of Conduct*, or *Charter* is a document that specifies relationships between the family and the business, and sets out guidelines for resolution of issues and how the business is to be managed by the family. This Constitution reflects family and business values, and formalises procedures and relationships between family members and business. This document also defines policies, expectations, rights and responsibilities of family members to anticipate and at least minimise, if not avoid, potential conflict (Jaffe, 1991).

Bork et al. (1996) highlighted the potential for ambiguity and conflict created by the absence of boundaries between family and business. Nevertheless, almost 60% of owners indicate that they do **NOT** have a process for handling conflicting family and business issues (63% for 1st, 57% for 2nd, and 42% for 3rd-to-5th generation family businesses). Of the 40% that have such a process, only 28.2% have it documented. This low percentage is consistent with that of our 2003 and 1997 Surveys, further highlighting owners' resistance to going through the process of clarifying family and business related issues.

Family First or Business First?

One of the major challenges for families in business is to find a balance or equilibrium that enables them to manage their businesses effectively without creating family conflict. To ascertain whether the business is part of the family's lifestyle, the owners of family businesses are often asked the question: *Does the family or the business take precedence in the family's value system?* In this Survey, a majority of owners (72.5%) indicate that, in the event of conflict involving family relationships, business objectives are given the highest priority, indicating the adoption by them of a *business first* policy approach. Whilst such a policy is understandable, Lievens (2005) cautions that, if applied inflexibly, it could lead to certain family members identifying less with, and eventually becoming alienated from, the business.

13 Business Objectives of Family Enterprise Owners

14 Wealth of Australian Family Business

Business Objectives

Table 13.1 shows that the principal objective of 34.4% of family business owners is to accumulate wealth, followed by: increasing the value of their business (19.8%), growing the firm (19.0%), and increasing profitability (8.3%). These proportions mirror those of our 2003 Survey. A relatively small percentage (8%) identify *selling their enterprise* as their main objective.

With the exception of third to fifth generation businesses, a surprisingly small proportion of owners list passing the business on to the next generation as one of their main objectives.

Table 13.1

Family Business Objectives	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Accumulate family wealth	(34.4)	32.7	37.0	33.3
Increase the value of their business	(19.8)	17.9	24.1	27.8
Grow the business	(19.0)	20.4	18.5	11.1
Increase profitability	(8.3)	9.9	3.7	11.1
Sell the business	(7.5)	10.5	1.9	-
Pass on to the next generation	(5.9)	3.7	7.4	16.7
Employ family members & provide them with careers	(4.0)	3.7	5.6	-
Other	(1.2)	1.2	1.9	-

Note. Proportions in parentheses are overall values on that dimension.
- denotes statistics are unavailable.

Table 13.1 Main Business Objectives of Family Business Owners

On the basis of estimates provided by owners of the value of their businesses, the average value of first generation businesses is estimated to be $8.5 million (median $2m), $4.9 million (median $2m) for second generation, and $11.1 million (median $5m) for third to fifth generation firms. It is noteworthy that in 1997 the average total assets value of firms aged 20 or more years was $4.1 million (Department of Industry, Science and Tourism, 1997).

Using owners' estimates of the value of their business, and the most recently available ABS data (2004) on the number of employing family businesses (N = 561,679), the overall wealth of Australian family businesses is estimated to be approximately $4.3 trillion (cf. $3.6 trillion in 2003, and $1.2 trillion in 1997).

On 30 July 2006, the Australian Stock Exchange was valued at $1.2 trillion (cf. $684 billion in 2002). Thus, the overall value of family business is estimated to be approximately 3.6 times the market capitalisation of companies listed on the ASX. As shown in Figure 14.1, wealth estimates for family enterprises are:

- First generation businesses, $3.0 trillion
- Second generation, $987 billion, and
- Third to fifth generations, $346 billion

Family business owners indicate that 99% of their business assets are in Australia.

Figure 14.1

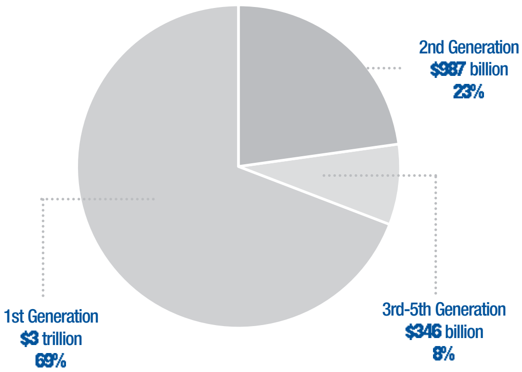


Figure 14.1 Total Estimated Wealth (2006) by Generation

15 Sale of the Family Business

In relation to policies regarding future ownership of their business, 22.8% (cf. 32% in 2003) state that it is to *remain a family business*, 32.8% indicate that *continued family ownership has first preference* (i.e., 55.6% *favour continued family ownership of the business*), 27.4% indicate that *continued family ownership is* **NOT** *important* to them, and 17% have no specific policy (i.e. 44.4% are **NOT** committed to family business continuity) (Table 15.1). These attitudes, indicating the *desirability of succession*, are likely to affect the longevity of family firms, especially first generation firms, 49.4% of which are **NOT** committed to continued family ownership. As Table 15.1 clearly shows, first generation family firms are less committed to remaining family owned and managed than later generation firms.

Table 15.1

Policy Regarding Future Ownership of Family Business	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Definitely remain a family business	**(22.8)**	14.0	29.6	36.8
Continued family ownership has 1st preference	**(32.8)**	28.0	38.9	47.4
Continued family ownership is NOT important	**(27.4)**	30.5	20.4	-
NO specific policy regarding future ownership	**(17.0)**	18.9	9.3	-

Note. Proportions in parentheses are overall values on that dimension

Table 15.1 Policy Regarding Future Ownership of the Family Business

It is noteworthy that 75% of family business owners indicate that they would seriously consider selling their business, if approached; with 46.2% reporting having been approached within the last five years. Table 15.2 shows that approximately 53% of family business owners are actively planning for the future sale their firms either *now* (19%) or *later* (34%). These percentages translate into 61.5% of first, 37.1% of second, and 27.8% of third to fifth generation owners planning the future sale of their businesses. These overall proportions are consistent with 2003, with the exception that 19% indicate that they are planning to sell *now* (cf. 8.2% in 2003).

Table 15.2

Sale of Business	Family Firms (%)	Nonfamily Firms (%)
Would seriously consider selling if approached	75.1	62.4
Actively planning for the future sale of the business	52.7	54.1
– Now	19.0	22.0
– Later	33.6	32.1
Never been approached by a potential buyer	48.0	46.4
Approached within the last year	28.7	27.3
Approached within the last 1-5 years	17.5	20.9
Approached longer than in the previous 5 years	5.8	5.5
Considered listing on the stock exchange	7.1	20.6

Table 15.2 Sale of Business: Family versus Nonfamily Firms

Table 15.2 also shows that only 7% of family business owners report having considered listing on the stock exchange (21%).

Findings from this and earlier Surveys (1997, 2003) indicate that first generation family businesses are less likely to become multigenerational firms, not so much because they have failed, but because of their stated policies, or lack of them, in relation to future ownership of the family business. In this context it is worth noting that whilst succession is rightly perceived to be a critical survival issue for families in business, a number of authors (Drozdow, 1998; Kaye, 1998) warn against a tendency simply to equate family business success with succession. These investigators suggest that success is measurable in terms of the opportunities that family businesses create for their members and beneficiaries, as well as what makes financial sense to them at the time critical decisions about the future of the business have to be made. Based on those principles both keeping and selling the family business are viable *success* options.

15 Sale of the Family Business
(continued)

16 Family Control

Reasons Given by Family Business Owners for Planning to Sell their Businesses

Table 15.3 outlines the main reasons family business owners contemplate selling their business, compared with their nonfamily counterparts.

Table 15.3

Reasons for Sale of Business	Family Firms (%)	Nonfamily Firms (%)
Wish to retire	31.4	43.1
It was the original intention	17.1	21.5
Sale price exceeds expectations	17.1	9.2
Lack of family successors	15.0	13.8
Concern for the future	9.3	4.6
Failure to find a suitable CEO	2.1	1.5
Other	7.9	6.2

Table 15.3 Factors Influencing a Decision to Sell the Business

Previous Business Involvement of Family and Nonfamily Business Owners

About 63% (cf. 48% in 2003) of family business owners report having been involved in previous businesses with 30.6% (25.2%) having been involved in businesses that were sold, 14.9% (20%) that no longer operate, 7.7% (12.2%) in businesses that were split up, and 9.8% (7.8%) that were wound up. These figures suggest that a considerable percentage of family business entrepreneurs can be classified as *serial business owners* who are not wedded to a single line of business, but exploit each business opportunity to the full, then sell and reposition their assets in another. They can be said to be in the business of being in business, with key objectives of: growing the businesses and increasing its value before selling it to *accumulate family wealth* (Table 13.1).

Table 16.1 shows the ownership and control characteristics of family businesses by generation. In relation to future management responsibilities concerning the business, 27.2% of owners indicate that they have a preference for decreased responsibilities. Only 9.5% want the family's future management responsibilities relating to the business to increase, while over 50% wish them to remain at present levels.

Interestingly, 48% (cf. 33% in 2003) of family business owners state that they foresee the family relinquishing management control in the future (54% for 1st, 39% for 2nd, and 21% for 3rd-to-5th generations family businesses). Fewer third-to-fifth generation owners are prepared to relinquish control, compared with 38.5% of second and 53.5% of first generation owners (Table 16.1).

Table 16.1

Ownership Control Characteristics	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
100% ownership	**(80)**	78.1	88.2	75.0
51-99% ownership	**(11)**	12.3	7.8	18.8
Up to 50% ownership	**(7)**	7.5	3.9	6.3
Plan to sell either now or later	**(53)**	61.5	37.1	27.8
Wish to relinquish familycontrol	**(48)**	53.5	38.5	21.1
Considered expanding ownership to nonfamily	**(42)**	47.8	28.3	36.8

Note. Proportions in parentheses are overall values on that dimension

Table 16.1 Family Ownership and Control

17 Succession Planning

Lansberg (1988) describes succession planning as the process of making the preparations necessary to ensure family harmony and continuity of the business through to subsequent generations, emphasising that these preparations relate to the future needs of both the business and the family. Given that the average age of family business owners is 55 years, succession planning is becoming a critically important issue for families in business with 84% of incumbent CEOs planning to retire over the next ten years, and 54% in the next 5 years.

Succession Planning Regarded as Important but Rarely Documented

Family business owners do **NOT** appear to see a need for a *documented* succession plan that is agreed by relevant family members. A significant majority of family business owners (78.5%) indicate that they regard succession planning as important (74% for 1st, 89% for 2nd, and 100% for 3rd-to-5th generation family businesses). Yet, most of them also report that they have **NOT** documented either a succession plan for the future *management* of the business (80.3%) or for the future *ownership* of the business (75.2%). Most of those who report that plans are documented also report that they are not implemented (Table 17.1).

Table 17.1

Ownership & Management Succession (%)		1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Regard succession planning as important	**(78.5)**	74.0	89.0	100.0
Do NOT have ownership succession plan in writing	**(75.2)**	77.8	69.8	63.2
Have NOT implemented ownership succession plan	**(23.9)**	82.4	65.5	53.8
Do NOT have written management succession plan	**(80.3)**	82.2	77.4	73.7
Have NOT implemented management succession plan	**(16.8)**	89.6	71.0	69.2
Family has NOT agreed upon succession plans	**(65.1)**	71.1	58.5	31.6

Note. Proportions in parentheses are overall values on that dimension

Table 17.1 Ownership & Management Succession Planning

Lansberg (1999) has argued that it would be both wasteful and ineffective to plan for the future of a family business without first addressing the needs and aspirations of family members involved. Along the same lines, Lievens (2005) noted that development of viable long-term strategies for the family business requires current and future shareholders not only to pull in the same direction but also have the same ownership vision.

However, few people outside the family are aware of the contents of succession plans. Surprisingly, 22.3% indicate that *no one* (other than the owner) is aware of the content of the plans. Table 17.2 shows the extent to which the listed groups of people are aware of the content of succession plans.

Table 17.2

Groups of People Aware of Content of Succession Plans	(%)
Family members working in the business	44.5
Family members not in the business	18.7
Nonfamily managers or directors	14.1
Other employees	7.8
The Bank	8.5
No one	22.3

Table 17.2 Awareness of the Content of Succession Plans by Various Groups of People

Business Transfer

Family succession is the most likely form of transferring equity for 45.4% of family business owners (34% for first, 60% for second, and 90% for third to fifth generation family businesses). This type of transfer is followed by trade sale (25.3%) and sale to nonfamily managers (22.5%). A greater percentage of first generation family businesses (30%) indicate a likely sale to nonfamily managers than second generation (8%); or third to fifth generation businesses (5%).

Over 44% of family business owners indicate that transfer of equity to family members will be through the execution of wills. About 53% report likely transfers of equity during the owner's lifetime, with 28.4% wanting the next generation to pay for the equity (i.e. a sale), while 24.6% are prepared to gift the equity to family members. On average, owners indicate that the transfer is likely to take place in 7.6 years.

Ownership Succession

As indicated above, only 25% of family business owners have a documented ownership succession plan with 23.9% indicating that it is implemented (Table 17.1).

Management Succession

As shown in Table 17.1, only 17.8% of first generation, 22.6% of second, and 26.3% of third to fifth generation owners indicate that they have a documented management succession plan. Of these only 10.4% of first, 29% of second owners, and 30.8% of third to fifth generation owners note that they have implemented their management succession plans.

Similarly, only 35% note that the family has agreed upon the succession plans and succession of the next CEO (29% for 1st, 42% for 2nd, and 68% for 3rd-to-5th generation family businesses).

On average, family business CEOs plan to retire in approximately 7 years. In 54.3% of family businesses, the current CEO is likely to be succeeded by a nonfamily member (63.1% for first, 41.2% for second, and 21.1% for third to fifth generation family businesses). In the 45.7% of family businesses where the current CEO is likely to be succeeded by a family member, it is most likely to be the son(s) of the owner.

Sons and Daughters

More sons are involved in the day-to-day running of family firms (30%) compared to daughters (5%) (Table 11.2). It would also appear that sons are over ten times (74.9%) more likely than daughters (7.2%) to take over the helm from the current CEO.

Davis and Tagiuri (1989) indicated that father-son dyads are the most typical type of family pair found in family companies, and that they work together with varying degrees of happiness and success. Similarly, Dumas (1989) reported that fathers generally desire that their son(s) will eventually take over the management of the family firm, and that daughters are not usually regarded by their fathers (and often do not see themselves) as potential successors unless a crisis forces a re-evaluation of the situation. The relative invisibility of daughters in family business succession was also confirmed by Vera and Dean (2005).

Business Continuity Planning and Exit Readiness

It is noteworthy that 50% of owners believe that their businesses are **NOT** exit or succession ready, although 84% would like them to be. This is a more clearly indicative assessment by owners of their lack of preparedness to exit their businesses than the lack of *documented* succession plans, since it is a relatively unambiguous statement that applies equally to succession and sale of the family business.

Younger Generation Family Members

Of some concern is the finding that approximately 57% of family business owners indicate that *younger generation* family members are **NOT** as interested in the business as the older generation (64% for 1st, 41% for 2nd, and 44% for 3rd-to-5th generations family businesses). In our study of succession matters (Romano, Smyrnios, & Dana, 2000) we identified that integrity and *commitment to the business* are the two successor characteristics most valued by family business owners and successors. According to Sharma et al. (2003) both the *feasibility* (evidenced by the availability of a willing and trusted successor) and the *desirability* (as evidenced by an incumbent's desire to keep the business in the family) of succession are critical factors in the succession process.

Family Business incumbents are invariably either members of the Silent Generation (born before 1946) or the *live-to-work* Baby Boomer Generation (born 1946-64). Younger generation family members are either the *work-to-live* Generation X (born 1965-77) grandchildren or children respectively, or their more optimistic and technologically savvier Generation Y (born 1978-87) younger siblings. Much has been written about the differences in upbringing, outlook, attitude, and behaviour between these generations that need to be considered by those who are planning the future of their businesses. We are led to the conclusion that members of the younger generation can be at least as entrepreneurial as their parents or grandparents. However, they generally prefer to work on their own terms and are, therefore, just as likely to want to start their own business or acquire a business, as they are to become willing and able family business successors.

Succession Resistance: Conspiracy or Paradox?

Although succession planning is critical for the continuity of the family business, the process appears to be resisted, avoided, neglected, or deferred by a substantial number of family business owners. Notwithstanding the fact that owners (and other family members) invariably indicate that they regard succession planning as important, they do not appear to treat it as a priority; and doing nothing, or leaving it to chance, are often the solution adopted (Dumas 1996). This has aptly been referred to by Lansberg (1988) as the *succession conspiracy*, and by Sharma et al. (1996) as the *succession paradox*.

When it comes to succession and succession planning in the family business, why is there an apparent contradiction between what is said and done?

Could the answer lie in what Ward (2005) refers to as the *unconventional wisdom* of families in business? Ward argues that culture, strategy, governance, and succession are *different* in family enterprises and that, as a result, they require a different set of insights from the conventional management wisdom that applies to nonfamily firms. According to Ward, blending family and business creates many contradictions that successful business owning families reconcile by the use of *counterintuitive thinking* and *unconventional insight and actions*. He emphasises that harnessing the differences is what makes the family business an enterprise with a special DNA for distinct competitive advantage rather than the less-than-optimal organisational form believed by many.

Concerns for the Future

Overall, 44.8% of family business owners report having concerns for the future of their businesses compared with 69.2% in the 2003. In both reports, concerns relate primarily to the financial performance of their businesses (30.5%) and to industry-wide problems (21.2%). As shown in Table 17.3, a smaller percentage of owners list the following factors as concerns: selection of a successor (9.3%); lack of family interest (7.6%); and family turmoil (5.1%).

Table 17.3

Concerns for the Future	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Financial performance of business	**(30.5)**	32.9	29.2	22.2
Industry	**(21.2)**	15.8	29.2	33.3
Selecting a successor	**(9.3)**	9.2	8.3	11.1
Retirement	**(8.5)**	13.2	-	-
Lack of family interest	**(7.6)**	10.5	-	-
Lack of funding for growth	**(5.9)**	3.9	12.5	11.1
Family turmoil	**(5.1)**	5.3	4.2	11.1
Competition	**(5.1)**	5.3	4.2	11.1
Other	**(6.8)**	3.9	12.5	-

Note. Proportions in parentheses are overall values on that dimension

Table 17.3 Concerns for the Future

18 Estate Planning

Wills

Although 94% of family business owners have a will, a substantial number (48.5%) have **NOT** reviewed their wills in the previous two years. While 65% of family business owners indicate that their executors have clear instructions, only 51% have appointed executors who have business experience (69% for 1st, 79% for 2nd, and 88% for 3rd-to-5th generation family businesses). Interestingly, only 46% of them have appointed executors who know the owner's private business. Very few have appointed a trustee company (8.5%) or a nonfamily director as executor (10.2%).

Active and Passive Family Shareholders/Beneficiaries

Critically, 47.2% have **NOT** differentiated between so-called *active* (involved in the management of the business) and *passive* (not involved in management) *family members* in their wills. Whether the greater contribution to the business made by active family members ought to be recognised with larger or controlling ownership interests in the business can be a confronting challenge for parents wrestling with *fairness* and *equality* issues in distributing their business assets. Lievens (2005) classifies passive shareholders into four groups: *indifferents, demotivateds, opponents,* and *supporters*, and draws attention to the potential for problems posed by the presence of a number of non-active shareholders from the first three classifications.

Sound estate planning determines the future ownership of the family business (and other family assets) and establishes the mechanisms for the orderly transfer of ownership from current owners to others. Faced with challenging ownership devolution issues, family business owners are often both ambivalent and uncertain about decisions that have the potential to threaten family harmony and create stress for themselves and their loved ones. These effects can be minimised if the family members affected are given the opportunity to understand and discuss the rationale of the estate plans.

19 Retirement

Succession and Retirement

Over 56% of family business owners see themselves working in the business beyond 65 years of age. Table 19.1 lists the main reasons given for working in the business beyond the traditional retirement age. As Romano, Smyrnios, and Dana (2000) point out, a number of individuals postpone their retirement indefinitely thus frustrating the final stages of succession. The challenge for all concerned with the survival of the family business is to find ways to overcome resistance to succession and succession planning.

Table 19.1

Reasons for Working in the Business Beyond 65 years	(%)
Good health; Longevity	44.4
Identity with, and inability to dissociate from the business	18.8
Ingrained old work ethics	11.1
A need for more capital because of increase in conventional retirement period	9.4
Lack of other interests	7.7
Concerns about children as potential successors and business leaders	4.3
Fear of aging, retirement, and death	2.6
A belief that existing capital values are potentially at risk in an economic downturn	1.7

Table 19.1 Reasons for Working beyond Age 65 years

Retirement Plans

Although 84% of CEOs plan to retire within the next 10 years, very few owners are planning for this event, and just under half of them have **NOT** sought professional assistance in planning for retirement. This not only confirms previous findings that one-in-two owners do not have clearly defined objectives regarding their retirement (Smyrnios et. al., 1999), but also that succession and retirement for these family business owners could end up being an unplanned *event* rather than a well managed *process*.

Reconciling Retirement Pluses and Minuses

Over 20 years ago, Danco (1981) pointed out that everyone needs a reason to get up in the morning and that retiring *to* something rather than *from* something is necessary for retirement to be interesting and exciting. Similarly, Aronoff (1998) pointed out that for a fulfiling retirement, it is necessary to find meaning and identity in new roles and activities. Encouragingly, approximately 70% of family business owners report that the words *succession, succession planning,* and *retirement* are ones they want to hear, and over 77% indicate that in considering their business exit options, they would have something to *retire to* (life after the business) as against simply something to *retire from* (their business). These reports paint a reasonably positive picture for both the succession and retirement prospects of the majority of family business owners. There are, however, some significant reservations expressed by sizeable percentages of owners as shown in Table 19.2.

Table 19.2

Reservations about Succession & Retirement	(%)
Succession involves making hard choices that affect both the business and family, and it is preferable to avoid the inevitable conflicts involved	48
Letting go of the business means losing an important part of one's identity	43
Succession is surrendering power over the business & a first step towards losing control over life	21
Retirement will be a new challenge within the business	19
Retirement will be a new challenge outside the business	17
Looking forward to retirement	25
Have *adequate* outside interests	22
Have reservations about retirement	17

Table 19.2 Reservations about Succession and Retirement

Since succession and retirement are questions of *when* and not *if*, these factors need to be addressed in a timely manner by family business owners and their advisers.

It is reassuring to find out that a substantial majority of family business owners (71%) believe that other family members are sufficiently sensitive to, and aware of, their needs in relation to exiting the business. Revealingly, however, 68% acknowledge that they will need to make adjustments to their lifestyle and relationship with their spouses following *exiting the business.* This is a very important issue since, as Danco (1981) pointed out, successful retirement involves the complicated task of blending the needs, dreams and aspirations for the future of both husbands and wives. The challenging question that retirement raises is: *Will they accommodate each other as well when leisure time is plentiful, as they had to do when it was in short supply?*

20 Superannuation

Approximately 67% (cf. 56% in 2003) of family business owners have self-managed superannuation funds; 72% believe that they have adequately funded retirement programs; and 75.4% think that their superannuation is adequate (47% in 2003). These figures indicate that government initiatives to encourage greater interest and investment in superannuation appear to be working.

Nevertheless, at this stage, the retirement programs of one third of family business owners are reported to be dependent on the use of business assets or the sale of the business, with 19% (cf. 27% in 2003) of family business owners indicating a requirement for continued business ownership.

Almost 82% of family business owners believe that they have accurately estimated their future retirement needs with 56% of them having sought professional assistance in planning for retirement (Table 20.1). Approximately 60% indicate they have confirmed their anticipated retirement financial needs with an external adviser, primarily their accountant (43.9%) or their financial planner (26.7%).

Table 20.1

Retirement Funding & Superannuation	(%)	1st Generation (%)	2nd Generation (%)	3rd-5th Generation (%)
Believe that they have an adequately funded retirement program	(72.0)	72.3	71.2	78.9
Believe that they have accurately estimated their future financial needs	(81.9)	79.5	81.8	88.2
Retirement funding is dependent on the use of superannuation	(49.7)	48.8	51.2	47.1
Believe that their superannuation is inadequate	(24.6)	26.4	24.3	23.5
Retirement funding is dependent on the use of business assets	(35.4)	35.5	43.6	17.6
Retirement will be funded by sale of the business	(31.4)	38.5	25.0	5.9
Retirement funding is dependent on the continued business ownership	(18.9)	14.8	31.0	17.6

Note. Proportions in parentheses are overall values on that dimension

Table 20.1 Retirement Funding and Superannuation

21 Use of External Advisers

A number of early international reports (e.g., Stoy Hayward & the London Business School, 1990; Massachusetts Mutual, 1993) highlighted the tendency of most family firms to rely on the advice and counsel of other family members associated with the business rather than consulting with professional advisers. However, 64.4% of family business owners report the use of outside advisors on a regular basis.

Since our 2003 Survey, lawyers, financial planners, and business advisers are being increasingly consulted on a range of business matters including business advice, finance, and estate planning. Accountants continue to be the preferred adviser for all but financing and insurance matters (Table 21.1).

Table 21.1

Type of Service	Accountant	Bank Manager	Financial Planner	Professional Business Consultant	Business Broker	Lawyer	Insurance Agent
Business Advice	68.3	-	-	11.5	-	-	-
Personal Insurance	-	-	15.3	-	-	-	61.4
Business Insurance	-	-	-	-	-	-	73.6
Business Loans	14.5	68.8	-	-	-	-	-
Sale of Business	50.5	-	-	12.4	20.6	-	-
Other Financing	23.7	45.0	-	-	-	-	-
Succession	39.0	-	-	15.1	-	19.5	-
Estate Planning	30.3	-	18.3	-	-	33.0	-
Retirement	43.9	-	26.7	-	-	-	-

Note. - Indicates values less than 10%.

Table 21.1 Owners' First Preference for External Advisers & Type of Service

Significantly, 51.6% of family business owners indicate that they have **NOT** sought outside advice on their succession options and strategies, and do **NOT** propose to seek such advice in the foreseeable future.

Table 21.1 shows that when they do seek advice on succession and succession planning, family business owners are more likely to use a diversity of advisers, including accountants, solicitors, and business consultants.

22 Banking

Only 31.4% of family business owners believe that banks should become more involved in funding succession plans (cf. 68.6%). Conversely 62% of family business owners indicate that they would be prepared to use business assets to secure succession funding (cf. 38%). Interestingly, most family businesses indicate that the only form of advice sought from bank managers relates to business loans and other financing.

23 Insurance

Of concern is the finding that 43.5% of family business owners do **NOT** have life assurance to minimise financial loss from death of the founder/CEO. Table 23.1 shows that use of life assurance for business loss minimisation purposes is not the norm.

The relatively high percentage of family business owners reporting that they do **NOT** have life assurance cover for business partners could also indicate that they may not have documented shareholders' buy/sell agreements: Agreements between co-owners that regulate rights to transfer ownership interests, circumstances that activate those rights, relevant valuation methodology, and transfer procedures.

Table 23.1

Key Business Personnel NOT Covered by Life Assurance	Family Firms (%)
Founder/CEO	43.5
Key family members	60.4
Key nonfamily members	88.7
Business partner	80.2

Table 23.1 Use of Life Assurance to Minimise Financial Loss from Death of Key Personnel

Of further concern is the finding that 56.2% of family businesses owners report that their management and ownership succession plans do **NOT** cover unforeseen events (accidents, sudden death of key person/people).

Table 21.1 indicates that as might be expected, most family business owners turn to their insurance agent for advice on business insurance (74%) and on personal insurance (61%).

The Study Team

The RMIT University team that developed and conducted this Survey comprises Professor Kosmas X. Smyrnios and Mr. Lucio Dana. Ms. Sue Prestney and Mrs. Naree Brooks provided valuable input during the research process.

The 2006 Australian Family Business Survey would not have been possible without the generous support of MGI, and the valued participation of business owners. We thank them all sincerely.

Professor Kosmas X. Smyrnios. Kosmas is an international expert in the area of family business. He is Foundation Board Member of the *International Family Enterprise Academy*, Associate Editor of the *Family Business Review* journal, and Director of Research in the RMIT University, School of Management. He has a demonstrated track research record with over 100 national and international refereed publications across different disciplines including business management, marketing, accounting, physics, and psychology.

Mr. Lucio Dana **B.A. LL.B. (Hons).** Lucio is a specialist family business facilitator and adviser. He is the Managing Director of Creativity In Business Pty. Ltd. trading as *Family Business Dynamics*. He is co-author of *Family Business Succession Planning: A 10-Step Guide, 2000 CPD* and *Succession Matters: The Australian Family Business Survey 2000.* Lucio was consultant and lecturer in Family Business Programs at Monash University from 1998 to 2002.

Ms. Sue Prestney is a partner of MGI Boyd. Ms Prestney assisted the RMIT University team in developing the Survey and the questionnaire, and in the write up of this report. As a Chartered Accountant in practice Sue has been working with family business clients for around 30 years and specialises in succession planning and family business constitutions. She has presented papers on family business to Australian and international groups and has had articles published in various national publications. Sue is the spokesperson on small and medium business for the Institute of Chartered Accountants in Australia and is a member of the Family Firm Institute.

Mrs. Naree Brooks is a partner of MGI Boyd. She has assisted the team in developing the questionnaire and reviewing the write-up of the report. Naree has worked as a Chartered Accountant for 17 years advising family business clients. In more recent years, she has specialised in facilitating family business planning for succession, retirement, and superannuation and also advises on estate planning matters. Naree has presented many seminars to family businesses in Australia on a broad range of issues including succession planning and taxation.

For more information concerning this survey, please contact:

Adelaide

MGI Caulfields

Desmond Caulfield

Telephone: 08 8272 6800

Email: reception@mgisa.com.au

Website: www.mgisa.com.au

Brisbane

MGI White Hancock

Grant Field

Telephone: 07 3002 4800

Email: wh@mgiwh.com.au

Website: www.mgiwh.com.au

Cairns

MGI Cockrell Reese

Nicholas Watson

Telephone: 07 4051 9900

Email: admin@mgicr.com.au

Website: www.mgicr.com.au

Melbourne

MGI Boyd

Sue Prestney

Telephone: 03 9521 3000

Email: melbourne@mgiboyd.com.au

Website: www.mgiboyd.com.au

Perth

MGI Bridge Partners

Mal Di Giulio

Telephone: 08 9463 2463

Email: reception@mgiperth.com.au

Website: www.mgiperth.com.au

Sydney

MGI Boyd

Gil Levy

Telephone: 02 9230 9200

Email: sydney@mgiboyd.com.au

Website: www.mgiboyd.com.au

Bibliography

Aronoff, C. (1998) Megatrends in Family Business. *FBR Vol. XI, no.3, 181-5.*

Aronoff, C. (2004) Self-Perpetuation Family organisation Build on Values: Necessary Condition for Long-Term Family Business Survival. *FBR. Vol. XVII, no.1, 55-60.*

Astrachan, J. & Carey, M. (date unknown). *Family business in the US economy*. Paper presented to the Centre for the Study of Taxation. Paper available from Dr Joseph Astrachan, Family Enterprise Centre, Kennesaw State College, Kennesaw, USA.

Astrachan, J.H., Klein, S.B., & Smyrnios, K.X. (2002). The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem. *FBR. Vol. XV, no. 1, 45-58.*

Australian Bureau of Statistics (2004). *Characteristics of small business Australia.* Catalogue no. 8127.0, Australian Government Publishing Service, GPO Box 84, Canberra, ACT, 2601.

Beckhard, R., & Dyer, W.G. Jr. (1983). Managing continuity in the family-owned business. *Organisational Dynamics*, 5-12.

Bork, D., Jaffe, D., Lane, S., Dashew, L. & Heisler, Q. (1996) *Working with family businesses.* Jossey-Bass Publishers.

Chrisman, J.J., Chua, J.H., and Zahra, S. (2003). Creating wealth in family firms through managing resources: Comments and extensions. *Entrepreneurship Theory and Practice*, 27, 359-365.

Danco, K. (1981) *From the other side of the bed.* The Centre for Family Business. Cleveland: University Press.

Davis, J. & Tagiuri, R. (1989) The Influence of Life Stage on Father-Son Work Relationships in Family Companies. *FBR. Vol.II, no.1, 47-74.*

Department of Industry, Science & Technology. (1995). *Small Business in Australia, 5th annual review.* Canberra, ACT: Author.

Department of Industry, Science & Technology. (1997). *A portrait of Australian Business: Results of the 1995 Business Longitudinal Survey.* Canberra, ACT: Author.

Drozdow, N. (1998) What is continuity? *FBR Vol. XI, no. 4, 337-47.*

Dumas, C. (1989) 'Understanding of Father-Daughter and Father-Son Dyads in Family Owned Businesses.' *FBR. Vol. II, no., 31-46.*

Dumas, C. (1996) 'Preparing the New CEO: Managing the father-daughter succession process in family businesses' in Aronoff, C. Astrachan, J. & Ward, J. ed. *Family Business Sourcebook II,* Business Owner Resources.

Dun & Bradstreet. (2006). DBF database obtained from author. 479 St. Kilda Road, Melbourne, Victoria 3004, Australia.

Dunn, B. (1995). *The challenges facing Scotland's family enterprises: Perspectives for family firms, advisers and education.* Report of the Centre for Family Enterprise, Glasgow Caledonian University, Glasgow.

Fernandez, Z., & Nieto, M.J. (2005). Internationalization Strategy of Small and Medium Size Family Businesses: Some Influential Factors. *FBR. Vol. XVIII. no.1, 77-89.*

Gersick, K., Davis, J., McCollom Hampton, M., & Lansberg, I. (1997). *Generation to generation: Life cycles of family business.* Boston: Harvard Business School Press.

Goehler, A. (1993): Der Erfolg großer Familienunternehmen im fortgeschrittenen Lebenszyklus: dargestellt am Beispiel der deutschen Brauwirtschaft, St. Gallen, Dissertation

Jaffe, D. (1991) *Working with the ones you love.* Conari Press.

Kaye, K. (1998) Happy Landings: The Opportunity to Fly Again. *FBR. Vol.XI, no.3, 275-280.*

Klein, S.B, & Blondel, C. (2002): Ownership Structure of the 250 Largest Listed Companies in Germany; INSEAD working papers 2002/123/IIFE; Fontainebleau.

Klein, B. S., Astrachan, H. J., & Smyrnios, X. K. (2005). The F-PEC scale of family influence: Construction, Validation, and Further Implication for Theory. *Entrepreneurship, Theory & Practice, 29*(3), 321-339.

Klein, B.S. (2006). Familienunternehmen in Deutschland: Bedeutung und Struktur 1995 und 2000 im Vergleich. Report obtainable from Professor Sabine Klein: Sabine.Klein@ebs.de

Lansberg, I. (1999) *Succeeding Generations: Realising the Dream of families in business.* HBSP.

Lansberg, I. (1988) The succession Conspiracy. *FBR. Vol.I, no.2, 119-143.*

Lievens, J. (2005) *From Indifferents to Supporters: The Owner's Vision Makes the Difference.* Family Firm Institute article.

Massachusetts Mutual (1993). *Major findings of the family business Survey: A telephone Survey of 614 family business owners.* Springfield MA: Massachusetts Mutual Life Insurance.

Massachusetts Mutual and Raymond Institute (2002). American Family Business Survey. Obtainable from Carol Wittmeyer, George and Robin Raymond Family Business Institute; email witt@alfred.edu.

Matterson, H. (October 26-27, 2002). How to cash in and still keep a finger in the pie. *The Weekend Australian.*

Miller, D. & Le Breton-Miller, I. (2005) *Managing for the long run.* HBSP.

Norusis, M.J./SPSS Inc. (2001). *SPSS for Windows: Base System Users' Guide (Release 6.0).* Chicago, Ill.

Poutziouris, P. Sitorus, S., & Chittenden, F. (2002). The financial affairs of family companies (ISBN: 090380-838). Available from P. Poutziouris, Manchester Business School, Manchester, UK.

Romano, C.A., Smyrnios, K.X., & Dana, L. (2000). *Family Business Succession Planning: A 10-Step Guide, CPD.*

Romano, C.A., Smyrnios, K.X., & Dana, L. (2000). *Succession Matters: The Australian Family Business Survey* 2000.

Romano, C.A., Tanewski, G., & Smyrnios, K.X. (2000). Capital structure decision making: A model for family business. *Journal of Business Venturing*, 16, 285-310.

Sharma, P., Chrisman, J. J., & Chua J.H. (1996). *A Review and Annotated Bibliography of Family Business Studies.* Kluer Academic Publishers.

Sharma, P., Chrisman, J. J., & Chua J.H. (2003) Succession Planning as Planned behaviour: Some Empirical Results. *FBR. Vol. XVI, no.1, 1-15*

Smyrnios, K.X., & Romano, C. (1994). *The Price Waterhouse/Commonwealth Bank Family Business Survey* 1994. Available from Kosmas Smyrnios, School of Management, RMIT University, PO Box 2476V, Melbourne 3000, Victoria, Australia.

Smyrnios, K.X., Romano, C., & Tanewski, G.A. (1996). *A Measurement Model of Family Business Issues in Australia. Proceedings of the Entrepreneurship Development Centre (ENDEC)* Conference on Entrepreneurship, Singapore, pp. 226-243.

Smyrnios, K.X., Romano, C., & Tanewski, G.A. (1997). *The Australian & Private Family Business Survey: 1997.* Available from Kosmas Smyrnios, School of Management, RMIT University, PO Box 2476V, Melbourne 3000, Victoria, Australia.

Smyrnios, K.X., & Walker R.H. (2003). *The Australian & Private Family Business: 2003.* Available from Kosmas Smyrnios, School of Management, RMIT University, PO Box 2476V, Melbourne 3000, Victoria, Australia.

Smyrnios, K.X., Romano, C., & Tanewski, G.A., (1999). *The 1999 Australian Family Business Lifestyle Audit.* Available from Kosmas Smyrnios, School of Marketing, RMIT University, PO Box 2476V, Melbourne 3000, Victoria, Australia.

Stoy Hayward & The London Business School. (1990). *Managing the family business in the UK.*

Vera, C.F., & Dean, M.A. (2005) An Examination of the Challenges Daughters Face in Family Business Succession. *FBR. Vol. XVIII, no. 4, 321-345*

Ward, J. (edit.) (2005) *Unconventional Wisdom: Counterintuitive Insights for Family Business Success.* John Wiley and Sons.

Zahra, S., Klein, S.B. andAstrachan, J.H. (2006). Producing Research that will Enhance Family Firm Survival. In P.Z. Poutziouris, K.X., Smyrnios, & B.S. Klein, (Eds.). *Handbook of Research on Family Business.* London: Elgar. ISBN: 1-84542-410-7.

Zahra, S.A. (2005) Entrepreneurial Risk-Taking in Family Firms. *FBR. Vol. XVIII, no.1, 23-40.*

Adelaide
MGI Caulfields
Telephone: 08 8272 6800
Website: www.mgisa.com.au

Cairns
MGI Cockrell Reese
Telephone: 07 4051 9900
Website: www.mgicr.com.au

Perth
MGI Bridge Partners
Telephone: 08 9463 2463
Website: www.mgiperth.com.au

Brisbane
MGI White Hancock
Telephone: 07 3002 4800
Website: www.mgiwh.com.au

Melbourne
MGI Boyd
Telephone: 03 9521 3000
Website: www.mgiboyd.com.au

Sydney
MGI Boyd
Telephone: 02 9230 9200
Website: www.mgiboyd.com.au