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## MEDIA RELEASE

### Family business owners shelve retirement plans

The “baby boomer” owners of Australia’s two million family business operations are shelving retirement plans and aren’t going anywhere!

The exit strategy for many of the ageing owners of the \$1.5 trillion worth of family-owned businesses is in disarray as available cash for buy-outs evaporates.

While retirement is on hold, succession planning and the company’s financial future is a worrying topic of discussion over the Sunday roast or family barbeque.

A landmark survey released today has revealed that although not as bloodied as their overseas counterparts, family business owners in Australia have been badly bruised by the Global Financial Crisis (GFC).

These owners who employ nearly half the Australian workforce, are wary and very worried about the future. Almost half of family business owners surveyed indicate they have concerns for the future of their businesses.

They also plan to work on – despite what the family might say over the dinner table – with nearly 40 per cent surveyed saying that “letting go of leadership/ownership” was the most critical challenge confronting the family business.

Because of delayed retirements, succession planning is in disarray. But the owner’s son is still five times more likely to take over the company than the daughter.

*The MGI Australian Family and Private Business Survey 2010* was undertaken by RMIT University and supported by MGI, a leading international accounting firm specialising in advice to family and privately owned businesses.

The research results, the seventh in a series by Professor Kosmas Smyrniotis, was undertaken among 5000 Australian companies. The researchers behind the current survey include Professor Smyrniotis and Mr Lucio Dana.

Professor Smyrniotis said that despite Australia weathering the worst of the GFC family business was now less confident and more concerned about the future of their operation.”

“Owners are relying on the sale of their business to fund retirement and with the fall in price and drying up of available cash for funding they are deciding to keep working.

Executive Chairperson of MGI and one of Australia’s most prominent advisors to family businesses, Ms Sue Prestney, said a major finding was half of the respondents were concerned about their commercial futures.

“And in response to the GFC, of those adversely impacted, over half were cutting costs, 34 per cent retrenching staff, 26 per cent postponing expansion plans and a quarter reviewing the viability of products and services they were offering.”



Findings of the survey were:

- In 2006 a total of 75 per cent of owners were considering selling their operation if approached. In 2010 it's down to 61 per cent.
- Previously 17 per cent of owners said they did not have an enough funds for retirement. This has increased to 31 per cent on the back of reduced investment values.
- Concerns about the future financial performance of the company jumped from 31 per cent to 54 per cent.
- Just under half of owners said they would still be working beyond 65 years of age with one third saying they needed the ongoing income or to sell the business to fund retirement.
- Succession planning is now a major concern for 20 per cent of businesses a jump from 9 per cent in 2006.
- 35 per cent of sons are involved in the family business but fewer than 6 per cent of daughters.
- Sons are five times more likely to inherit the business than their sisters.

MGI is represented by 283 offices in 82 countries and has been operating in Australia and New Zealand for 25 years.

For further information contact

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**For the full *The MGI Family and Private Business Survey 2010* visit**

**[www.mgiaust-survey.com](http://www.mgiaust-survey.com)**

**For an mp4 or .mov file of Sue Prestney and Professor Kosmas Smyrnios in conversation on the research visit [www.mgi-aust.com](http://www.mgi-aust.com)**

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