

Family Business Australia

Australian Family Business Sector Statistics

The family business sector

- » Family businesses account for around 70% of all businesses in Australia¹
- » Average turnover is \$12 million per annum³
- » Average number of employees is 37²

Wealth of the sector

- » \$4.3 trillion is the estimated wealth of the sector³
 - First generation wealth is \$3 trillion³
 - Second generation wealth is \$987 billion³
 - Third to fifth generation wealth is \$346 billion³
- » 81% of owners intend to retire in the next 10 years generating a wealth transfer of \$3.5 trillion³

Longevity

- » Average age of a family business firm is 32 years²
- » Average age of a family business owner is 55 years²
- » Average tenure of a CEO in family business is 17 years³

Transition

- » 41% intend to pass the business to family members¹
- » 61% of family business owners would seriously consider selling if approached²
- » 44% of family business owners are planning to sell their business¹

Governance

- » 34% of families in business have a formal board structure¹
- » 28% have a family council¹
- » 12% have a family constitution¹
- » 20% have a succession plan for the CEO¹

Important issues

- » Top 5 issues for families in business²
 1. Communication between family members
 2. Letting go of leadership/ownership control
 3. Providing liquidity for family owners to exit
 4. Securing adequate capital for growth and retirement
 5. Choosing a suitable ownership structure for next generation

Sources:

¹ KPMG and Family Business Australia Survey of Family Businesses 2009 (in conjunction with Bond University)

² The MGI Australian Family and Private Business Survey 2010 (in conjunction with RMIT University)

³ The MGI Family and Private Business Survey 2006 (in conjunction with RMIT University)



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For more information

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Australian Family Business Sector Statistics - in detail

Employee size

- » 64% of family businesses have less than 20 employees²
- » 32% of family businesses have 20-199 employees²
- » 4% of family businesses have 200 or more employees²

Generational involvement

- » 36% of family businesses have only one generation involved in the business²
- » 59% of family business have two generations involved in the business²
- » 5% of family businesses have three or more generations involved in the business²

Age of business

- » 84% of family businesses are less than 50 years old²
- » 49% of family businesses are less than 25 years old²

Gender

- » 11% of all family business owners are female and 89% male²
- » 7% of daughters are actively involved in the business compared with 35% of sons²
- » Sons are five times more likely to succeed the current CEO than daughters²

Next Generation

- » More than 85% of of the Next Generation felt family members should compete fairly with non-family employees for promotions and career opportunities⁴
- » 55% of the Next Generation plan to hand over to the next generation in due course⁴
- » 61% of the Next Generation family members feel they bring a different leadership style than the incumbents⁴
- » The top priorities for the Next Generation taking over the business are business strategy and governance structures⁴

Major family issues of concern to families in business¹

1. Balancing family concerns and business interests
2. Maintaining family control of the business
3. Compensating family members involved in the business

Major influences on the succession process¹

1. The ability of the business to generate adequate financial returns
2. Level of trust in the abilities of the potential successors
3. Level of interest of potential successors in the business

Sources:

¹ KPMG and Family Business Australia Survey of Family Businesses 2009 (in conjunction with Bond University)

² The MGI Australian Family and Private Business Survey 2010 (in conjunction with RMIT University)

³ The MGI Family and Private Business Survey 2006 (in conjunction with RMIT University)

⁴ KPMG and Family Business Australia Survey of the Next Generation of Family Business (in conjunction with Bond University)



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