

# Family Business Australia

## Australian Family Business Sector Statistics

### The family business sector

- » Family businesses account for around 70% of all businesses in Australia<sup>1</sup>
- » Average turnover is \$12 million per annum<sup>3</sup>
- » Average number of employees is 37<sup>2</sup>

### Wealth of the sector

- » \$4.3 trillion is the estimated wealth of the sector<sup>3</sup>
  - First generation wealth is \$3 trillion<sup>3</sup>
  - Second generation wealth is \$987 billion<sup>3</sup>
  - Third to fifth generation wealth is \$346 billion<sup>3</sup>
- » 81% of owners intend to retire in the next 10 years generating a wealth transfer of \$3.5 trillion<sup>3</sup>

### Longevity

- » Average age of a family business firm is 32 years<sup>2</sup>
- » Average age of a family business owner is 55 years<sup>2</sup>
- » Average tenure of a CEO in family business is 17 years<sup>3</sup>

### Transition

- » 41% intend to pass the business to family members<sup>1</sup>
- » 61% of family business owners would seriously consider selling if approached<sup>2</sup>
- » 44% of family business owners are planning to sell their business<sup>1</sup>

### Governance

- » 34% of families in business have a formal board structure<sup>1</sup>
- » 28% have a family council<sup>1</sup>
- » 12% have a family constitution<sup>1</sup>
- » 20% have a succession plan for the CEO<sup>1</sup>

### Important issues

- » Top 5 issues for families in business<sup>2</sup>
  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:

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

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

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



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#### For more information

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# Family Business Australia

## Australian Family Business Sector Statistics - in detail

### Employee size

- » 64% of family businesses have less than 20 employees<sup>2</sup>
- » 32% of family businesses have 20-199 employees<sup>2</sup>
- » 4% of family businesses have 200 or more employees<sup>2</sup>

### Generational involvement

- » 36% of family businesses have only one generation involved in the business<sup>2</sup>
- » 59% of family business have two generations involved in the business<sup>2</sup>
- » 5% of family businesses have three or more generations involved in the business<sup>2</sup>

### Age of business

- » 84% of family businesses are less than 50 years old<sup>2</sup>
- » 49% of family businesses are less than 25 years old<sup>2</sup>

### Gender

- » 11% of all family business owners are female and 89% male<sup>2</sup>
- » 7% of daughters are actively involved in the business compared with 35% of sons<sup>2</sup>
- » Sons are five times more likely to succeed the current CEO than daughters<sup>2</sup>

### Next Generation

- » More than 85% of of the Next Generation felt family members should compete fairly with non-family employees for promotions and career opportunities<sup>4</sup>
- » 55% of the Next Generation plan to hand over to the next generation in due course<sup>4</sup>
- » 61% of the Next Generation family members feel they bring a different leadership style than the incumbents<sup>4</sup>
- » The top priorities for the Next Generation taking over the business are business strategy and governance structures<sup>4</sup>

### Major family issues of concern to families in business<sup>1</sup>

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 process<sup>1</sup>

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:

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

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

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

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



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