

To: Parliamentary Joint Committee
Re: Family Business in Australia
Submitted by: Pamela Low - Principal
Pamela Low and Associates

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1. My past experience and association with Family Businesses:

- a. I have been contracted by Family Business Australia to facilitate Family Business Forum groups since 2002. Over 270 meetings (well over 1000 hours) and conducted over 24, 2 day retreats.
- b. I have worked in a family business owned by my brother-in-law for six years 91' to 97' in which several family members worked.
- c. I have worked for 3 family businesses (IT and Medical consumables and equipment) as an outside family member in senior management positions for 7 years.

2. My expertise (see web page for more information, credentials, clients and testimonials):

- a. Change Management
- b. Performance and Leadership - individual, team and organisational
- c. Facilitation
- d. Family Business Advisor
- e. Sales and Marketing

3. Submission in line with 'Terms of Reference':

- a. Of the 7 'particular reference' points I will contribute in line with the scope of no 4 - Structural, cultural, organisational and governance.

Submission...

Having been in the unique position of working and listening to owners and leaders of Family Business since 1997 I believe the following are the most critical challenges facing the performance and sustainability of family businesses.

Issues, consequences and reasons:

- Management/organisational structures grow organically and reactively rather than pro-actively and are often un-resourced in managing change, fast growth and responsiveness to market needs. This results in cultural issues, work force engagement and morale, both in and out of the family. The reasons are many and include lack of appropriate skills, diversity, poor strategy, planning and organisational/people management.

- Family member alignment/agreement on the policies for salary, benefits and entitlements without boundaries between family, ownership and the enterprise - often not based on market rates or expertise or roles. This affects the business, family relationships and outside family members. The reasons are simple - the sense of entitlement and poor exposure to other ways of conducting business wins over insight into and understanding of best business practice.
- Lack of diversity at the leadership level - both in the enterprise - as in the 'Senior Management Team' and the 'Board of Directors' level, often with no outside family member which has the mandate to both challenge and contribute to the business and the way it is run. Consequences are similar to those issues above including restriction to effectiveness and performance over all - even threat to the functioning of the business. Reasons could be put down to a case of 'they don't know what they don't know'.

Other Issues include:

- Second generation frustrations with parental management/leadership styles
- Lack of succession planning that embraces the 2nd and 3rd generations opinion on how to manage it and what they want as an aspiring 30 something not satisfied with career management and succession.
- Unwillingness of patriarchs and matriarchs to relinquish control and change habits
- Poor understanding of the influence of culture on overall performance and effectiveness
- Poor leadership skill development programs

Some ideas on how the Federal Govt could assist in these areas....

FOR ORGANISATIONS with over 30 - 35 employees and or 10 - 20 million revenue

- It wouldn't be popular (due to perceived loss of control) in the beginning but a requirement of some description for all boards to have a qualified outside family member chair board meetings.
- Considerably more education programs and a requirement to gain points as a family business in gaining these education points.
- Education points could be gained from attending training programs through registered institutions and or support and consultation with outside family accredited professional advisors
- Increase the public profile of family businesses and their challenges - a program such as Enterprise Connect for Family businesses - this is a highly respected structured program. Such as. TV/Radio program, interactive social media - in other words a solid PR campaign - inclusive of small and large orgs.
- Create a Govt. sponsored family business mentor program - or tax deductible incentives for family businesses to pro-actively pursue support.

