



Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

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Inquiry into Family Business

My Background

I am the CEO of Empower Business Solutions, a provider of advice to small business owners, and have been in this role for 9 years. I also provide short programs on business management to graduating professionals at Melbourne University. Prior to that I was in the corporate sector running large businesses for others, in Australia and overseas and acted as a company representative on many boards. (Visit www.empowersolutions.com.au for further information.)

In my role as a small business advisor, over half of my clients were first generation family businesses, specifically husband and wife. This led me to write a book called "Married to the Business: Honey I love you but our business sucks". (Further information at www.MarriedtotheBusiness.com.au) I am also the author of the book "The Five Pillars of Guaranteed Business Success", a finalist in the international Indie Business Book Awards.

Submission to the Inquiry into Family Business

This submission refers to the fourth term of reference for the committee, namely:

4. Structural, cultural, organisational, technological, geographical and governance challenges facing family business

specifically as it refers to couples in business together (whether actually married or not). These are the first generation in the Family Business sector without whom, there would be no second or third.

Submission

When couples enter business together, the training for one or both is usually in either a trade or profession. While their business is small most get by on this knowledge, but once the business starts to grow with turnover approaching the million dollar mark, with between 5-10 employees, their businesses face growing pains and start to plateau as they exhaust their natural knowledge.

These businesses face one of two futures. With the strong foundations these businesses already have, there is the potential for their growth to continue and to become a large family business with many employees. Unfortunately what also can happen is between a combination of business and life pressures, growth stalls, and they may choose to reduce the impact on their family life by allowing their business to reduce to a more manageable size because they are unaware of alternative strategies which can make their business more manageable whilst still growing. This becomes a lost opportunity both for the family and their community.

The Business Knowledge Gap

While the technical skills in their business at this stage of the business lifecycle will vary from adequate to excellent, their business knowledge has typically been largely acquired through trial and error; but getting to the stage they have is still an achievement. After all less than 25% of Australian businesses reach this stage. They could probably teach people in our business schools some very practical lessons.

Challenges for them, however, still remain. Typically they need to market more strategically so that they are able to attract a predictable stream of quality enquiries enabling them to better plan their business and confidently employ more people, and to develop business management systems that make their business less dependent on themselves, both of which will reduce the pressures they feel on their family life while at the same time increasing their returns.

There are currently a number of types of programs available to couples in business. The first is the wide variety of tertiary courses offered with a business focus. However, being time poor they attract little interest from couples, and as business owners, the idea of another qualification does not interest them. Short focused programs with a small number of like minded business owners however may be attractive to them.

Of greater interest to couples at this stage of their business lifecycle who have reasonably successful businesses, is to obtain direct advice from qualified business advisors. There are some programs on offer to businesses reaching this stage but they tend to be focused on niches like export, tourism and manufacturing through the Enterprise Connect program. However to obtain funding even in these limited categories, the owners need to go through an extensive qualification process with high administrative overhead for the government. While the costs of this program might be justifiable in these well defined key industrial sectors, outside of those areas it probably becomes more difficult to sustain a similar type of program, which is probably why it has not been extended further.

A Gap and an Opportunity

For couples who run businesses outside these niches, and have already demonstrated their capability by reaching the threshold level of top quartile of Australian businesses, there is little recognition in the form of government programs. These businesses aren't looking for government handouts, but often just need a nudge in the right direction towards practical information specific to their business.

There are two steps that can be taken to assist couples in business who have already demonstrated their business capability.

1. Raising Awareness

Couples running a business often feel isolated and don't understand that many of the problems they experience are widely shared, but not discussed openly. By raising awareness that the issues they face are common, and there are many qualified people available to advise them with well tested strategies this is likely to cause them to act to invest in advice for their business.

One way of raising awareness could be through a series government sponsored seminars on issues faced by couples in businesses at this stage of their lifecycle, presented by practitioners in this area.

Each state already has a database of small business owners which could be the starting point for promoting seminars for couples in business.

2. Lighting the Pathway

Once couples become aware that there are solutions to the problems they face, and it is possible to balance a growing business with the demands of their family, the next step would be to provide a pathway for the couple to receive the advice that they need with a small incentive.

Access to a registry of qualified advisors could be provided to couples already on the government's database. Advisors would be able to enter their details along with their specialities into the registry and through keyword searches, couples would be able to find the advisor that best suits their needs.

One further step of encouragement might be that advisors for a fixed fee, reimbursed to the couple by the government, perhaps when their tax return is submitted, could undertake an initial assessment of the couple's business and provide recommended actions. It would then be up to the couple to fund any further advice themselves..

The programs proposed would be low cost compared with, for example, the Enterprise Connect program, because businesses at this stage are usually willing to invest their own time and money to improve their business once they are shown the way.

Your Sincerely

Dr Greg Chapman
CEO Empower Business Solutions