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Media Release

Getting governance right is critical to survival

With a number of small to medium businesses facing forced sale or bankruptcy in the aftermath of the GFC, many family members listed as a director on the company books are finding themselves facing personal liability for debts incurred.

A family business owner who knows what it means to have no option other than sale, is former CEO Jane Stott of the then fourth generation family owned Stott's Correspondence College.

"Our particular challenge was that we had a number of family members on the board, aunts and uncles, and few had any idea of what their role was," said Ms Stott. "Their inclusion was an emotional decision as opposed to a sound business decision – when what we should have done was explore other ways for them to feel engaged.

"I was fortunate to have done a directors' course but it was not specific to family businesses. I could not convince my family board members to do the course and we ended up having to sell the business".

Maintaining family control of the business, compensating family members involved in the business and resolving conflicts among family members were issues highlighted in a survey of family owned businesses undertaken by Family Business Australia (FBA) and KPMG.

It is these challenges (among others) that are most effectively dealt with through formal business and family governance structures such as the board of directors and family council, as long as the family directors are well versed in their role and responsibilities.

Acknowledging the lack of adequate preparation and the inherent danger therein, the peak body for families in business, Family Business Australia, has designed a two day course Family Business Directors Course to educate family members and non family directors in their role as directors of a family business.

The course has been developed for FBA by the Australian Centre for Family Business (ACFB), under the guidance of Professor Ken Moores, and presenters will include academics and highly regarded, experienced family business directors.

"It is these governance mechanisms which effectively focus a family owned and operated business on dealing with the issues which will ensure its longevity and long-term success", said Prof Moores.

FBA's National Chairman, Richard Owens, OAM has appealed to families in business to attend the course and get governance right in their business. "Regardless of the size of your family company, or the size of your board – or even if you don't at this stage have a board, this course is a must for anyone aiming to grow their family business, and keep the family communicating effectively", said Mr Owens.

"It is important, even for those using advisers and trusted friends, to ensure that all are aware of the role of a director or even those 'deemed to be a director' by their involvement at a strategic level.

"Ad hoc collections of advisers, friends and/or family members are common place in family business and can often be formalised to enhance their effectiveness".

This flagship course reaffirms FBA's commitment to providing quality education for families in business throughout Australia. Business owners and family members interested in attending this course can book through www.fambiz.org.au or by telephoning 1800 249 357.

Course details

Melbourne - Tuesday 16 & Wednesday 17 March 2010

Perth - Thursday 29 & Friday 30 July 2010

Gold Coast - Tuesday, 31 August & Wednesday, 1 September 2010

ENDS:

To arrange high res photography or interviews please contact:

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