

## Welcome

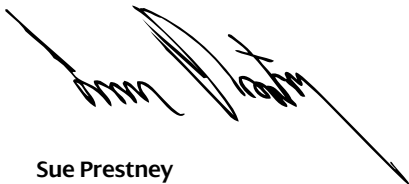
MGI in partnership with Melbourne's RMIT University has recently undertaken a study into the commercial health of private and family businesses. The seventh in the series *The MGI Australian Family and Private Business Survey 2010*, was undertaken by RMIT's Professor Smyrnios and Mr Lucio Dana among 5,000 Australian businesses.

In this and other upcoming issues of *MGI - Family Business in Focus* email newsletter, Lucio will write about topics arising from the survey which we believe will be of interest to our family business clients.

Lucio lectures in family and non-family business management subjects at RMIT University. He is also a published author of family business books as well as a one of the researchers involved in the 2000 and 2006 MGI surveys.

The first of his articles about family business communication and conflict management is particularly timely given the difficult circumstances in which many family businesses now find themselves after the recent climatic events. Effective communication will be an essential tool to assisting these businesses to co-ordinate their immediate day-to-day tasks as well as plan for their long term longevity.

*Also make sure you take advantage of our Free Consultation offer on how MGI can help your business to become an even better family business.*



**Sue Prestney**  
MGI Australasia Chairperson  
Chartered Accountants and Business Advisors

## The key to successful family business communication

Over two thirds of the respondents in *The MGI Australian Family and Private Business Survey 2010* indicated that the most critical issues/challenges confronting Australian family businesses revolved around two main topics: communication between family members, and leadership and ownership succession, more particularly, letting go of control. (Refer to the table on next page)

### Download the Report

Access to *The MGI Australian Family and Private Business Survey 2010* and all past reports here.

[Click here](#)



### MGI Business Solutions

To find out how MGI can provide a business solution that works for you, contact your nearest MGI office.

[Click here](#)



### Download the Podcast

Watch the interview with Ms Sue Prestney and Professor Kosmas Smymios as they discuss the findings in the Family Business Survey 2010 Report.

[Click here](#)



Critical Family Business Issues and Challenges

<b>Most critical issues/challenges confronting family businesses</b>	<b>%</b>
Communication and conflict management	
Communication	39.7
Family conflict management and resolution	21.9
Controlling factional orientation of family branches	2.1
Leadership & ownership succession	
Letting go of leadership/ownership control	39.7
Providing liquidity for family owners to exit	36.7
Securing adequate capital for growth and retirement	34.2
Choosing a suitable ownership structure for next generation	29.1
Selecting a leadership successor	25.3
Developing effective processes for shared family control	13.9
Expectations of family owners not active in the business	7.6

*Source: The MGI Family & Private Business Survey 2010*

In this article we explore the first of these topics: communication, and the related topic of conflict management. Subsequent newsletter articles will examine other topics, including leadership and ownership succession.

The MGI Survey also indicated that 41% of responding family business owner-managers believe that family-based issues are more critical than business-based issues, and 46% believe that when family-based issues are resolved, business issues can also be resolved. Interestingly, nearly two thirds agree that the ultimate challenge in family businesses is dealing with the addition of work/business-based relationships on top of pre-existing family-based relationships.

Despite these views, few family businesses have implemented processes designed to anticipate, minimise, or avoid conflict or to manage it adequately when it arises. This is demonstrated by the survey findings that 86% of family businesses have NOT set rules to strengthen interpersonal relationships and manage the expectations of family members; 82% have NOT established policies to deal with predictable family-in-business issues before the need arises; and 72% do NOT hold regular family meetings to share information, build trust, avoid politics, and achieve consensus.

To read the entire article: [Click here](#)

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## Free consultation - with MGI on how to become an even better family business

### A practical approach for businesses to achieve best practice in family business governance

We at MGI are focussed on helping family businesses deal with the complex challenges families in business inevitably face – we don't just deal with the business issues but with all the issues that arise from the interaction of family and business.

We have developed a process for preparing family business constitutions that is designed to identify and deal with these issues. It is a simple and effective way of putting in place those governance and management practices identified in the Survey, that assist families in business deal with communication and conflict issues.

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## *Free consultation - how to improve your family business communication – Cont'd*

However a family business constitution achieves far more than ticking the boxes for best practice in family business communication. It also incorporates:

- management and equity succession plans;
- retirement planning for current owners;
- estate plans for all family members;
- asset protection for all family members; and
- what benefits and remuneration the business will and will not provide to family members.

Importantly, our process makes sure that succession, retirement and estate plans are practical to implement and minimise costs such as tax and stamp duty.

It is an inclusive process suitable for all members of the family, not just those who are active in the family business, and is tailored to suit the requirements of the particular family and business.

To download the points covered by a typical family business constitution: [Click here](#)

Your MGI relationship partner would be happy to arrange for a complimentary obligation-free meeting to provide you with further information in respect of family business constitutions and succession planning.

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## Perfect Match

### MGI's pedigree – just right for partnering with family businesses

A twenty-five year history of providing professional advice to family and privately owned businesses positions MGI as the business growth advisor of choice for this vital contributor to the Australian economy.

To find out how MGI can provide a business solution that works for you, contact your nearest MGI office: [Click here](#)

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## MGI – Your Business Growth Advisor

MGI is a worldwide association of independent auditing, accounting and consulting firms. Neither MGI nor any member firm accepts responsibility for the activities, work, opinions or service of any other members

For a copy of the current and past MGI Family and Private Business Survey visit: [www.mgiaust-survey.com](http://www.mgiaust-survey.com)