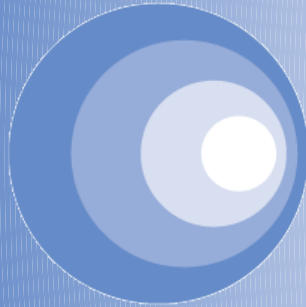


HOW TO BUILD A PROFITABLE FAMILY BUSINESS



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WHAT ARE WE GOING TO CONSIDER?

- The Family Business journey.
- Statistics regarding corporate failure in Australia.
- Recognising, managing a financial crisis.
- The John Symonds story.
- 8 Steps to Profitable Family Business.

The Family Business Journey

- Understand the difference between an entrepreneur and a business owner.
- Identify with where your business is at in the life cycle?
- Understand the different cycles and how this will require adjustment of the business strategy as well.
- See how technology can be increasingly utilised in the business.

STATISTICS REGARDING CORPORATE FAILURE IN AUSTRALIA

- ASIC statistics reveal that over the last 4 years almost 80% of businesses that are placed into external administration (i.e. liquidation) involve businesses who employ < 20 employees.
- During the last 4 years above 45% of businesses that are placed into external administration had liabilities of \$250,000 or less.
- The top 2 identified causes of business failure during the last 4 years were:
 - Inadequate cashflow – approx 45%
 - Poor Strategic management – approx 41%

RECOGNISING , MANAGING A FINANCIAL CRISIS

- “Attitude is a little thing that makes a big difference” – Winston Churchill
- Reality is that many family businesses will at one stage or another during their life cycle suffer from a financial crisis.
- Sometimes these can potentially be planned for, but sometimes they can't. (i.e. Government regulation, social media etc.)
- Many family business owners are simply unprepared to handle a financial crisis. It is not in their core skill set/training/vocation.
- As soon as management spend a disproportionate amount of time managing a financial crisis as opposed to manage the business, the survival prospects decrease.

MANAGING A FINANCIAL CRISIS

➤ Key Tips

1. Act Early;
2. Seek out and get the right professional advice – Yes this may cost!;
3. Don't blue sky it – but also be pragmatic about the future;
4. Re-evaluate the impact on the business strategy and consider whether the financial crisis is likely to be short duration or something longer;
5. Be prepared to make critical but informed decisions; and
6. Management still need to spend time on the business and NOT disproportionate amount of time on micro-aspects. That's what key staff and professionals are for.

THE JOHN SYMONDS MESSAGE



- Got caught in the last significant recession we had in the late 80's.
- He turned the negative experience from financial crisis to build what is now regarded as revolutionizing banking in Australia and bring more competition.

8 STEPS TO A PROFITABLE FAMILY BUSINESS

1. A strategic plan and business model. (include think time!)
2. Committed, passionate and capable management – but not over reliance on key people (especially in the medium to long term).
3. Know your product/service/market.
4. Effective marketing strategies (and measurement of them).
5. Simple management reporting with emphasis on cashflow management (cash is king). Opaque or no reporting most likely to lead to failure.
6. Low or highly serviceable debt levels.
7. Manage your taxes.
8. Use/Invest in technology solutions where possible.



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