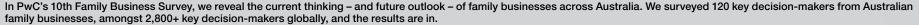
PwC Australia's Family Business Survey 2021

Family businesses need to act now to secure tomorrow's legacy



Despite the recent downturn, Australian family businesses are considerably more optimistic than their global peers when it comes to economic recovery and prioritising growth over the next two years. To fulfil these expectations, they will need to address issues of professional governance and succession planning, digital transformation and sustainable business practices.



Optimism and growth

Ambitions are soaring when it comes to growth

An impressive 91% of Australian family businesses expect to see continued growth into 2022, demonstrating more optimism than their pre-COVID-19 responses in 2018.

This confidence isn't blind, but is instead based on sound planning and risk management: 83% are prioritising expansion into new markets or products and diversification over the next two years.

The majority of Australian family businesses surveyed will be using their own operating capital to fund this growth, despite the current availability and reduced cost of private equity and other sources of debt.



Technology

Behind on the digital curve, but opportunities lie ahead

The majority of Australian family businesses do not have the digital tools and capabilities needed for a rapidly changing world.

Only 15% of family businesses in Australia feel that they have strong digital capabilities, showing less confidence than their global peers.

However, they are looking to catch up: improving their digital capabilities is their second highest priority over the next two years.

We found that family businesses with strong digital capabilities have access to reliable and timely information that feeds into decision-making, and are well-placed to change course at short notice.



Governance and succession

Transition to the next generation imminent, but are they ready?

One-third of first-generation Australian family businesses expect that the next generation will become the majority shareholders within five years time.

Yet only 25% of Australian family businesses have a robust, documented and communicated succession plan in place.

With 70% of business and wealth transfers failing when they occur between family generations, getting this right is critical.

Family businesses that have wellarticulated, shared values are better prepared for succession – and they also performed better than their peers during the pandemic.



Sustainable business practices

Environmental, social and corporate governance: from afterthought to action

We've found that issues related to sustainability are lower down the priority order for Australian family businesses. They are less likely to consider sustainability a key priority when compared to the global average.

With only 36% of Australian family businesses believing there is an opportunity for family businesses to lead the way in sustainable business practices (compared to 55% globally), Australian companies need to step up and do more to demonstrate their environmental, social and corporate governance credentials.

Public sentiment, too, has shifted: even before the pandemic, 43% of consumers said they expect businesses to be accountable for their environmental impact.

Contact us

Speak to our experts to understand what our findings mean for your business.

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See the full findings and find out more at: www.pwc.com.au/family-business-survey

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