



How Family Firms Improve Their Communities

Family businesses can be found in every nook and cranny of Australia. A recent survey by the Family Firm Institute estimates that as much as 67 percent of Australian companies are owned or managed by family groups and they contribute trillions of dollars to the Australian economy. Globally, family businesses contribute between 80 and 90 percent of global GDP.

They also make big contributions to their local communities. One of the factors that define family firms is their dedication to “family values.” A 2011 national survey by Family Business Australia shows that family businesses consider their core values to be both a competitive advantage and a point of pride. These values lead many family businesses to be highly involved in their communities.

Chinchilla businesswoman Kaye Maguire would agree. Maguire, the 2nd generation owner of Chinchilla-based Maguire Coaches says that a dedication to community service has been at the core of her family’s transportation company since the beginning. “My parents volunteered at local sports events and other community activities; community service has always been important to us,” says Maguire. Founded by her parents in 1968 with a single school bus, the firm has expanded over the years and now offers chartered corporate coach services, guided tours, and transportation to local mining companies.

Today, Maguire Coaches is heavily involved with local charities, sponsoring local events like the Chinchilla Melon Festival as well as raising money for the fight against children’s leukaemia through “K’s Country Kids.” Maguire herself is an enthusiastic supporter of the region’s tourism, organizing tours of local sites and bringing in outside visitors in addition to her work organizing the Melon Festival. “I [volunteer] because I am really passionate about our local community and I really love to see these community events bring people in to showcase our area,” says Maguire.

Studies show that community involvement also benefits family businesses themselves. According to a report by Texas A&M University in the United

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States, altruism and direct owner involvement are two of the main reasons that family businesses are so successful. The study, which gathered data on family businesses in the Standard & Poor's 500 stock index, showed that between 1992 and 2001, family firms outperformed non-family corporations in both economic growth and employment growth, even during the recession of 2001. In an interview with Small Business Review, study author Dr. Jim Lee attributed this success in part to the strong family and community identity of family businesses, stating that "family-owned or managed companies tend to care more for their employees and customers," enabling them to build loyalty and weather hard economic times.

For Kaye Maguire, her company's involvement in local community events and charities has brought name recognition among Chinchilla residents and businesses. "We know the area really well and we know the people really well," says Maguire. "Even our suppliers and the corporate clients we deal with know us, because we are local and involved in the area." Maguire believes that her company's connection to the community has given it extra credibility with clients and created business opportunities. Since Maguire Coaches is a small firm and Kaye is involved in the day-to-day running of the business, clients know that they will get personal attention from the very top. "I'm closer to the clients because I'm there and I know what's happening because it is a family business," she says. "We do our best for our clients; I think it's very important because people are looking for that credibility."

Maguire's interest in the history of her town and her involvement with local tourism also provided the company with insight into an area of expansion during challenging economic times: holiday tours. In 2003 the coach company began offering day tours of the region to schools, community groups, and tourists. Today, the firm is now a registered travel agency and organises holiday tours around the world.

For many family businesses, community service is part of their long-term vision of success. Family firms tend to take a longer view of success, not being tied to short-term gains like most corporations. According to Lee, companies are more successful over time when they take better care of employees, customers, and their community. "When managers [and] owners treat their employees and customers as part of their families, they turn out to be more successful in the long run."

About FINH

FINH is a niche advisory firm providing expert services to family business groups. We offer a wide range of services in the areas of Business Strategy, Accounting and Tax Planning, Wealth Management and Investment, Valuation and Succession, and Finance and Governance.

We specialize in working with family businesses and offer our clients the

benefit of fully-integrated advisory services designed to help our clients meet their present and future business needs. We believe that family businesses have unique needs and advantages and have dedicated ourselves for over 30 years to providing specialist services to help clients overcome these challenges.

FINH have been accredited advisers with Family Business Australia since 2006 and the international organisation Family Firm Institute, since 2010.