The Genua Brothers: A Family at the Crossroads

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Twenty-five years ago two brothers started a family business in a rural city in Western Victoria. For twenty years the two families worked together quite harmoniously and the business grew and prospered. The family acquired more property, diversified from their original business and opened new businesses. The two families now have a considerable investment tied up in the family business and own several properties. Over the last five years a number of problems have surfaced both within the business and between family members. These have taken a toll on the family business. One of the brothers is now reaching retirement age, but there is no plan as to who will take over his interest in the business. This case looks at the development and growth of the business and the problems it has experienced. It focuses on the relationships and problems between various family members. The case was prepared from information obtained by interviews with the business’s founders and a review of the family trust’s documents and records.

Current Organisational Structure and Activities

Genua Brothers started operations in 1979, with the collaboration of Tony and Vince Genua and their wives. Today, a Family Trust operates two main businesses or divisions – a steel fabrication business and a roll-forming business. The major activities of these two businesses are as follows:

a) The original welding and steel fabrication business derives two-thirds of its income from the fabrication and erection of steel fabricated buildings, such as factories, warehouses, commercial buildings, large farm sheds and dairies. The balance of sales are obtained by supplying steel work for other builders under sub-contract; fabrication of sheet metal products and truck bodies; repairs to motor vehicles and machinery; and sales of steel materials.

b) The roll forming and sheet metal division is engaged in rolling corrugated iron, colourbond roofing and wall cladding. They also fabricate long-line flashings and sell other roofing materials such as spouting, down pipes and fasteners. A significant proportion of these materials are used by the steel fabrication business, but sales to local builders and the general public are steadily increasing.

These businesses are operated in buildings and property owned by a partnership between three of the four founders – Tony, Lynette and Vince. This partnership also owns a number of other buildings, including a shopping strip and several warehouses that are leased to outside businesses. The structure of these businesses is shown in Figure 1.
The family business currently employs ten full-time staff, including the two male founders, plus two part-time clerical staff. The two working directors of the trust, Tony and Vince are both qualified first-class welders and registered builders. Vince, the general manager, is in charge of quoting, material requisitions and supervises workshop fabrication. Tony supervises building erection and on-site activities. Seven staff members are fully qualified tradesmen and two are apprentices. The staff includes several other members of the family (see Figure 2).

Vince has two sons — Damian and Frankie — and a daughter. Frankie is currently employed in the roll forming workshop. Damian worked in the steel fabricating workshop for 10 years, but recently left the business after a dispute with his uncle. Damian’s wife, Kylie, is employed as a part-time book-keeper. Vince’s daughter, Linda, has no interest in the business. Tony only has one daughter, Francine, and she worked in the family business for several years while she was a school. She is no longer actively employed by the business but still has a financial interest in it. Tony’s wife, Lynette, supervises the business’s accounting system and financial management. A nephew, Alex Junior is also employed in the roll-forming workshop.
Goals and Objectives

The business has not formally stated or quantified its goals, however their informal goals include:

- Profit is one of the major objectives. Profits should be sufficient to provide reasonable incomes for family members, plus a reasonable return on the capital invested and sufficient funds for future growth and development.

- Growth. Although some growth is necessary to ensure the business stays ahead of inflation, it is not a major objective in itself. Growth is constrained by:
  - the size of the local market, especially for large buildings; and
  - the directors’ desire to maintain direct control over operations and not introduce another layer of management.

Keeping the business small ensures that it stays within the limits of effective management and viable in a competitive and fluctuating industry.

- Long-term capital growth is important for the family’s future security. This may not necessarily be achieved directly through the business operations alone, but may be achieved through the investment of funds in long-term growth investments, such as a portfolio of investments and securities, or property development. Surplus funds from business operations are invested in
these areas. The directors constantly monitor the risks and returns of various investments.

- Control over their ‘way of life’. The owners are tradesman, with limited opportunities to pursue other means of earning a living. Their main reason for going into business and their attitudes towards personal achievement form part of the organisations goals. These include:
  - the opportunity to use their trade skills in the way they personally prefer to use them;
  - greater independence and personal control over their own livelihoods, welfare and security; and
  - to be accepted as businessmen.

- To provide opportunities for future generations of the family. This may be achieved by either providing employment for younger members of the family or financially as beneficiaries of the family trust.

- Social and Community Goals. The business is only small but it does have some social/community goals, including:
  - providing young people with the opportunity to obtain trade skills and ensure that a skilled workforce is available in the future; and
  - to make a positive contribution to the local community.

The Family Trust’s directors have set about achieving these goals by developing a series of business activities, which can be operated as separate profit centres or individual businesses. Ultimately, these businesses could be either transferred to younger members of the Genua family or sold, with the founders retaining the property and buildings. It is intended that the income from property rental and financial investment will provide sufficient income for their retirement (Genua Brothers 1999).

Making a New Life in Australia and Starting the Business

Tony Genua followed his father to Australia from Italy in 1958 when he was 15 years old and his brother, Vince, came with the rest of the family in 1963. They arrived as teenagers, with no money, little education or job skills and unable to speak English, therefore they found it difficult to get work. For some time, Tony worked as a casual labourer on farms growing onions and picking peas and then found work as a builder’s labourer. Vince was sent to State School for about twelve months and learned to read and write basic English. Both finally found permanent employment with an engineering firm, where they obtained trade certificates as welders and gained experience in steel fabrication and the building industry.

In 1979, Tony and Vince formed a partnership and went into business as steel fabricators. They built the first buildings on the City’s Industrial Estate and opened their first workshop in mid-1980. The younger brother assumed the role as general manager and supervised the workshop activities. The older brother supervised on-site building activities. Although their wives were also partners in the business, the two brothers wanted it to be their business and did not want their wives to be seen as having any significant part in the business. This cultural attitude towards the role of
women was reinforced by one of their country-men, a successful local businessman, who gave them some advice on running a business and told them not to let their wives be involved in the business. The two brothers soon found that they were unable to cope with the financial and clerical requirements of the new business and were forced to seek the assistance of Tony’s wife, Lynette, who had extensive experience in management and business administration. She took charge of these activities, but worked mainly from her home office rather than the workshop. Vince’s wife, Lena, had three young children and chose not to take any active part in the business. This decision later proved to be a problem as she became alienated from the business, she felt that she was unable to communicate with the other three owners and was left out of decision-making. These problems were significant factors in their ultimate marriage breakdown, which was to have a profound effect on the business.

The two brothers decided to take only sufficient drawings (and later small salaries) from the business to provide for their personal living expenses and they were both provided with a motor vehicle by the business. The rest of the profits were loaned back to the business for future expansion. From time to time, the two families made lump sum withdrawals for specific personal requirement, such as house renovations, the purchase of family vehicles, weddings or their children’s schooling; however it was agreed that the loan accounts for each family should remain approximately equal. This meant that both families received equal benefits from the business.

Their steel fabrication business grew steadily and in 1983 the two families formed a family trust, which took over the business operations. It was felt that this structure was far more appropriate as it would allow the extended family to benefit from the business’s operations. The property was retained by the four partners, who were also the directors and main beneficiaries of the family trust, and it remained in the original partnership.

The management of the business was divided, with three of the directors looking after three separate areas — Vince, the workshop activities, Tony, the onsite work and Lynette, the accounting and finance. Each had considerable experience in their particular field of work and were quite competent in these separate areas. This system worked quite well as all three people trusted the other and had a high degree of respect for one another. They also regularly had informal discussions about the day-to-day activities of the business and problems in their particular areas. The two brothers did, however, have different attitudes towards business and risk taking. Tony was entrepreneurial and always looking towards the long-term future of the whole family. He continually searched for new opportunities and was prepared to take a calculated risk in order to get ahead. His brother, on the other hand, was always so engrossed in the day-to-day activities of the business he never thought about anything else. He was extremely risk averse and disliked change. These differences occasionally caused some tension and stress between the two brothers, but generally tended to be beneficial as it moderated their otherwise extreme behaviours.

Vince lacked many of the interpersonal skills — delegation, negotiation, discipline — required of a good manager and he was not particularly organised. He found it difficult to delegate work to members of staff and wanted to handle every single enquiry and job detail himself. He has not changed his method of operation or office systems in 25 years. Job requisitions are still written on pieces of note paper and pinned on a large notice board that takes up one wall of his office. He still picks the details of materials
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off building plans and writes them on a loose-leaf sheet of paper, looks up the prices and calculates the costs for quotes manually, checking and double checking the calculations with a hand-held calculator. These methods are not only inefficient, but they have resulted in him being grossly overworked and fatigued, and it is also difficult for another member of staff to take over his duties. Unfortunately, over the years he has not made the time or effort to gain the management skills or computer skills needed for the growing business.

**Bring Up the Children with Different Values and Attitudes**

There were considerable differences in the way in which the children of the two families were brought up. Tony only had one daughter and from an early age she was encouraged to work in the family business. Every Saturday she went with her father to the workshop, where she cleaned the office and lunchroom and swept the factory floors. By the age of twelve, she was looking after the bolts and fasteners store inventory and was capable of writing invoices and receipts, as well as banking for the business. She was not paid for this work as it was seen as her contribution to the family; however it was believed that she would ultimately become part of the family business. Her father hoped she would do a double degree in engineering and management, and ultimately take over the management of the business. Vince’s children were not encouraged to come to the workshop as their father found them to be a distraction. They were also not allowed to work for anyone for nothing, as their mother did not want them to be financially exploited in the manner that she had been as a child. This had significant implications on the children’s attitudes towards the family business and ultimately caused conflict between the siblings and the siblings and older family members.

**New Acquisitions, Property Developments and Growth**

In 1986, Tony acquired a group of commercial blocks in a housing commission area in town and had plans drawn up for a shopping strip. Vince wanted to be in on the project, so the property was transferred to the family business. In 1987 they started to build a convenience store and laundrette, however on several occasions during this process Vince ‘got cold feet’ and wanted to dispose of the project. The initial plan was that the buildings would be leased on completion. However, as this stage approached Vince’s wife, Lena, asked if she could run the food shop. She had worked in both the food and catering industries and had a good knowledge of this area. As her children were now growing up, she was looking for more permanent employment and felt she could make a contribution to the family business by operating the new business. On completion of the buildings, they were equipped and two new businesses set up. The objective was to grow the convenience store and obtain market share as quickly as possible, so it would be profitable enough to support a family in its own right. It did grow quickly, but within a few months Lena was unable to cope with the demands of running the new business and unexpected family traumas, so she had to rely on assistance from other members of both families. Within twelve months she wanted out of the food shop, but wanted to keep the Laundrette. Fortunately, by this time the food shop business was established and sold quickly making a good profit on the venture. It was planned to run the laundrette as a serviced laundry during the week, as there was a shortage of
domestic laundry services available in the town. This never eventuated as Lena went back to part time work in the catering industry, and then some time later employed her children to look after the laundrette.

By the early 1990's, the steel fabricating business had outgrown the original workshop and the building was extended, more than doubling the workshop area. About this time Tony started having problems with his back due to the long-term effects of heavy lifting associated with building construction. He decided to allow an experienced member of his work team to take over site management and find lighter duties for himself. A second factory was built in 1992-3 and the business diversified into roll-forming and sheet metal fabrication, providing building materials for both the steel fabricating business and the local market. It was Tony's intention that he and his wife would manage this business and it would be run quite separately from the steel fabricating business. All book-keeping and accounting activities, which had been computerised in 1985, were moved from Lynette's home office to the office in the new factory. Unfortunately, there were difficulties in getting the roll-forming plant operating effectively and obtaining sales in the local market, therefore this business was slow in becoming established.

The Next Generation Enters the Family Business and There Are Several Departures

The first sibling joined the family business in 1994. Vince's eldest son, Damian left school in May and started an apprenticeship as a welder/boiler-maker. He was an excellent tradesman winning several apprentice and Workskills awards, however he could be rather arrogant and antagonistic, especially with people he saw as a threat or those who annoyed him. Within a few months, jealousy surfaced between Damian and the site foremen, the firm's most senior employee. Vince ignored the problem and it grew steadily worse. Tony tried to ensure that the two worked in different locations, but whenever they crossed paths they were antagonistic and abusive towards one another. Damian gave his father an ultimatum that it was him or the other employee and, believing he would be in the losing situation, the other employee left the firm. This left a considerable hole in the business's operations and, as a result, Tony was forced back into managing and working on building sites.

As time progressed, Tony's daughter and wife decided there was little future in the family business for them and decided to pursue other careers. Tony's daughter, Francine, disliked the family's attitude towards the role of women and resented being sent to clean the toilets every time she went to the workshop, while the boys got the good jobs. She decided to pursue a career in the field of medicine, but continued working in the family business until she completed her secondary education. Lynette stayed on in the new factory for some time, however despite the fact she had extensive experience in management, she was allowed little contact with either customers or suppliers. Her brother-in-law, Vince, insisted that all orders be placed at his office, he scheduled the jobs that were mainly given to his son and ordered the materials. Early in 1996, Lynette was offered an attractive position in another organisation which she accepted, however she continued supervising the family’s accounting and finances.

By 1995 the problems with the roll-forming plant had been sorted out and sales began to grow, but then reached a plateau within a couple of years. The business needed someone to promote and market these products to the local market. Tony was still

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working on building job sites, as a suitable site foreman had not been found. Vince was reluctant to push the new business as he was now overworked and found it difficult coping with both businesses. Tony found a manager for the roll-forming business. He was the manager of a hardware store, who was looking for a new job because of a change in ownership at his place of employment. This person was well-known in the building trade and had excellent contacts in the industry. Tony and his wife believed he had the credentials to build their new business and to develop a plumbers’ supply outlet, which could be run in conjunction with the roll forming operation. This proposal was unacceptable to Vince and he announced he would not allow an outsider to be employed in the management of the family's business. So the roll-forming business was left to amble along.

A nephew, Alex Junior joined the business at the end of 1996 and took up an apprenticeship as a welder/boiler-maker, with a specialisation in sheet metal. He was employed to work in the roll-forming factory and did most of the customised sheet metal jobs. He was a bright lad, who was well organised and showed a lot of potential. Unfortunately, tensions between Alex and Damian appear to have had an impact on his motivation and commitment. Vince and Lena’s youngest son, Frankie left school some time during 1997. He wanted a career in electronics and did not want to be involved in the family business. After several months of being unemployed and unable to get a job, he was extremely depressed and it was suggested that he be given some type of work in the family business to improve his morale. At this stage he was virtually unemployable, so it was agreed that he be allowed to work in the family business for twelve months and then decide if he wanted to undertake an apprenticeship or not. Within three months, the firm was forced to give him an apprenticeship because of the rules relating to the employment of apprentices and his mother’s determination to ensure her son obtained a trade to guarantee his long-term future. He was given a relatively easy job in the roll-forming workshop. He showed little initiative or interest in either his work or the business, but he is easy going and gets along well with other members of staff. Unfortunately, most of the time, he virtually lives in his older brother’s shadow – he thinks and does everything he is told by his brother.

Furthering Tony’s Long-Term Strategy

In 1997, Tony was given the opportunity to purchase the neighbouring property, which included a small warehouse and a large area of vacant land, at a very reasonable price. Vince was happy with the purchase as it provided an opportunity for the business to expand in the future, but his wife was quite upset by it. She could not understand why they wanted to acquire further property for the business and thought any surplus funds should have been divided between the two families. This purchase was part of Tony’s long term strategy to provide for their retirement. While he had adequate savings and investment income on which to retire, he knew his brother did not. His objective was to build a property and investment portfolio large enough to support both families in their retirement at the same standard of living they now enjoyed. When they wanted to retire, the businesses could either be sold or transferred to the children. After further discussion, it was revealed that Tony’s brother and his wife had never considered the future and never discussed what they would like to be doing in five or ten years time.

At the end of the 1990s both businesses were doing extremely well and had obtained a number of large, profitable industrial contracts. In 1999 they won the local business
award for the best manufacturing business in the region. About this time, Tony negotiated a contract with Australia Post to build a special mail sorting warehouse on the vacant area of the adjoining block and lease the building to them on a long-term contract. The future looked very bright for the family business.

Tensions between Family and the Business

As the 1990s progressed problems appeared in Vince and Lena’s marriage. Vince had always been so engrossed in the business that he had little or no time to spend with his family; they did not go on holidays and had few interests in common. Lena was left to raise the children and look after the house and she became sick of being the ‘workshop widow’. She felt that she could not communicate with the other three directors of the family trust and was left out of decision-making. She became increasingly unhappy and this resulted in her going on spending sprees and asking for large lump sum payments from the business, either to get back at her husband or to compensate for her unhappiness. These actions further strained their relationship.

It was quite a shock when in 1997, after Vince had been hospitalised with a minor illness, Lena announced that she was coming to work at the workshop to help her husband. This proved rather difficult as she had never worked in an office and had no book-keeping skills. Despite undertaking several computer courses and personal training she was unable to operate the business’s computerised accounting system, so part of the invoicing was moved back to a manual system to provide her with some meaningful work. She also took over the payroll and banking, which were still done manually. In mid-1999, Lena asked for the laundrette to be sold as she and the children were tired of it. At this point in time she started transferring some of the ‘turks and perks’ that her children had been receiving from the laundrette to the workshop. She also started paying her two sons half an hour of overtime every day for staying behind a short period of time each night to switch off the power and lock the workshop doors. When the oldest son was married in early 2000, he demanded his father’s work utility vehicle because he did not want to drive his expensive sports car to work. Vince was left to walk to work because he started at 7:30 a.m. and the younger son did not want to get up and go to work early. These favours not only caused inequities between the two families, but developed a culture that the workshop was a ‘bottomless’ resource which could be used or exploited by the children. Once started, these types of practices can be difficult to stop.

The couple’s personal problems continued and in early 2001, they decide to take two weeks holiday at Easter and get their marriage back on track. This proved a disaster and at the end of the holiday, Lena announced that she wanted nothing further to do with the workshop. She asked for her share of the business to be transferred to her children by the thirtieth of June that year. This was difficult to achieve at short notice, particularly when her husband was not really supportive of the idea.

Marriage Break-Up: A Bombshell in the Business

Early in July after a further domestic dispute, Vince was told not to return home and his wife demanded a formal separation. This had a calamitous effect on all members of the family and significantly affected their work performance. The children sided with their mother and blamed their father, which made work relations particularly difficult. At first Lena wanted to give her share of the business to the three children and only
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divided the rest of the family’s assets. There was such turmoil at this stage, the children did not know if they really wanted the business or if they wanted to continue working with their father. The older son, who had previously wanted a share of the business, thought a one-twelfth share (1/3 of a 1/4 share) was too small and not worth the effort. On occasions the younger son, simply left work during the day and went home to bed because he claimed he could not stand the sight of his father. Vince was totally devastated by the events and could not understand why this had happened to him. Despite extensive counselling he could not cope and spent weeks simply staring out his office window and doing very little. He frequently forgot orders, lost job sheets and could not remember anything he was told. For months he could not function in a normal manner. Other members of staff tried to carry the business, but after several months the business moved into a crisis situation.

Finally, Tony and Lynette suggested that Damian take over the day-to-day management of the steel fabricating workshop and Alex the roll-forming business. They believed this would not only alleviate the current problems, but it was an appropriate time to start moving the next generation into the management of the business. Damian was happy to undertake such a position, but he vigorously opposed his cousin being given a similar job in the other business. After extensive questioning the only reason he could provide was that they (referring to the family) do not want him to have anything to do with the business. Damian moved into his father office and took over a number of Vince’s duties. Alex was not allowed to take any official role in managing the roll-forming business, however many customers started going directly to him as it was the only way they could get their orders filled as they required.

A few weeks later, Damian arrived at work and announced that if his mother was prepared to give him her quarter share of the business, he would take over the ownership of the roll-forming business himself. He assumed his father would also give him his quarter share. Damian thought the business had a lot of potential. It was believed that his plan was to get rid of his cousin Alex, the only person with training in sheet-metal fabrication, install new and expensive state-of-the-art machinery and run the business by himself. There were a few flaws in this proposal, he had not accounted for what he was going to do about his brother’s and sister’s share of his mother’s interest in the business, he had not considered that his aunt and uncle had an interest in half of the business and had actually set it up, he apparently did not want to pay rent for the use of the factory or property and did not have any money. This proposal also did not suit Vince as he needed Damian in the steel fabricating business, where he had previously spent most of his time working.

All these proposals came to an abrupt end during discussions on the marriage settlement agreement, when Vince suddenly announced that a one-quarter share of the business was not enough for him given the amount of work he had put into the business over the previous 20 years and he would settle for no less than a full half share of both the business and the associated properties. He and his wife finally decided on dividing the total value of the family’s assets 50:50. This resulted in Vince receiving the desired share of the business, but having to transfer all their personal property and assets to his wife and pay her a large cash settlement. Unfortunately, when this settlement came due he had no money and had to resort to the business for the money. This totally drained the business’s financial resources and required his brother to loan his share of these funds to the business until the money can be repaid. Although his estranged wife stated she really did not want the money, she insisted on full settlement on the day the final

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documents were signed in December 2002, simply because she wanted the matter finalised. Instead of investing the money, it appears that Lena gave most of it to the three children.

Unfortunately, this was not the end of the saga. After the cash flows from the business and properties dried up and Lena could no longer maintain her previous lifestyle, the eldest son accused the directors of the family trust of not treating his mother fairly and claimed she should still be getting a share of the profits from the family business. It appears that the children were never told the details of the marriage settlement or the reason for the change in arrangements by their parents. Damian blames his aunt and uncle for not being given a share of the business, claiming they were *money hungry* and did not want him in the business. He is also very disappointed in his father. His perceptions were shattered when he found out that his father was not the ‘big time business hero’ he always thought he was and that his aunt and uncle had actually played a significant role in the development of the business. As Vince recovered from the trauma of his marriage break-up, instead of allowing Damian to continue managing the business, he slowly resumed his former duties and the son was required to do more work in the workshop. Damian appeared to resent this loss of power. He often became sullen and moody and would not speak to his uncle. He spent a lot of time talking to customers and friends, taking extended lunchtimes and days off, which resulted in a considerable drop in his productivity.

In October 2004, Damian and his uncle had an argument that resulted in Damian leaving the family business. It started as a minor disagreement over which of the firm’s trucks Damian should use to give his brother driving lessons. Despite his brother’s pleading that the issue was not important, Damian returned in a rage to confront his uncle and abused him, calling him derogatory names and accusing him of causing numerous problems which the business had encountered over a period of time. This resulted in a heated argument and ended with Tony telling Damian that as owners of the business he and his father were the ones who ultimately paid for the business’s problems and mistakes and if he (Damian) did not like the way they ran the business then he had better find another job. Vince heard the argument but ignored what was happening, probably hoping the problem would just go away. The following morning he was rewarded with a nasty phone call from his ex-wife for failing to protect his children. Vince admitted that this problem arose mainly because he found it difficult to discipline his children and he had allowed them to do what ever they liked in order to keep the peace and maintain their favour. Vince sees himself as *the meat in the sandwich* caught between loyalty to his brother, who has worked with him for 25 years and supported him through difficult times, and the demands of his wife and children. He believes he is trapped in a difficult situation where he is constantly trying to appease his children and their sometimes unrealistic expectations about their rights and entitlements.

Damian was given two weeks off work on full pay to consider his situation. During this time the reason for him not being given a share of the business was explained to him. Damian’s job was left open if he wished to return, but he had to be prepared to either work with his uncle or buy his uncle out of the business. Damian demanded that his uncle apologise and invite him back to work in the business. After considerable deliberation about the situation, it was considered that it was probably in everyone’s best interest for Damian to work somewhere else for a period of time. This would allow him to experience life in the ‘real world’ of business and see how other firms

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operate and are managed. If he does return to the family business at a later date, he may bring in new methods and ideas on running the business and hopefully have a different attitude. It has since been discovered that Damian has also threatened his cousin, telling him never to answer the business telephones and that he had abused customers. Damian is currently working as a builder’s labour with a local master builder.

**Increasing Legislation and Declining Profitability**

Over the last few years, the business has also faced a significant decline in profitability, mainly caused by changes in government legislation and increasing costs. Changes in legislation in the building industry in the late 1990s moved the responsibility for compliance with building regulations from local councils to the designers and builders. In order to be able to erect steel fabricated building, the business operators had to become registered builders and take out professional indemnity insurance. The implementation of the GST not only required a considerable investment in new office computers and accounting systems, but affected the business’s profitability. The building industry had previously been exempt from sales tax and it was not possible to pass on the full 10% increase arising from the GST, approximately half of this had to be absorbed by the firm. More recent changes in occupational health and safety legislation in the industry has required the business to make massive outlays in plant and equipment, as well requiring training and licensing operators using this equipment and working on building sites. This has been accompanied by the need for extensive paper work when working on job sites, very onerous penalties for failing to meet these regulations and spiralling Workcover and insurance costs. Increasing legislation and costs make running a small business in a competitive industry not very attractive.

**Where Does the Business Go From Here?**

Tony is currently contemplating his situation. He is now well over 60 and would like to retire in the near future, so he can spend time travelling. His physical condition is still deteriorating and it is getting more difficult for him to do heavy physical work. He is getting tired of trying to provide for everyone’s future and contending with in-fighting in the family. The business currently does not have any surplus funds and he has lost his motivation to keep developing the family business. His problem is how to get out of the business. He has already offered Damian and the other family members the option to purchase his interest in the two businesses at the net realisable value of the assets with nothing for the goodwill, however, no one in Vince’s family took this offer up or even discussed the proposal. It appears they either have no money or expect his share of the business for nothing. Should Tony leave money in the business or loan money to his nephews? It is obvious that his brother will not be able to manage the business on his own. If Damian returns to the business, the management of operations may be all right, but there are concerns about his financial management skills. Someone quite close to the family recently commented: *If you gave Damian $5 to go to the shop and buy a litre of milk, he would not know how much change to bring home ... or he would be likely to see something he thought he wanted and spend it.* There are concerns that Damian may either have a spending spree on new plant and motor vehicles, or drain the business of its resources for his own personal use. Alex has expressed an interest in the business, but how feasible would it be to incorporate a member from a third family into the business? The two divisions could be divided into two separate businesses and taken over by different members of the family. Alternatively the business could be sold
to an outsider, either as one business or two separate businesses. A local businessman has already expressed an interest in purchasing the business and, as it has built up considerable goodwill, it could command a reasonable premium. This option is financially quite attractive to Tony as his daughter is not interested in coming back to the business, but what about the future of the other families involved. Vince does not want to discuss the matter; it is probably too difficult for him to think about.

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