

UNCOVERING AUSTRALIA'S MIDDLE MARKET





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BDO has always had a focus and almost natural affinity with the mid-market.

As a segment of the economy, the mid-market is often misunderstood, and yet according to the Australian Tax Office, this group is comprised of around 18,000 businesses and produces nearly a quarter of our national income. It also employs 23% of the Australian workforce.

At BDO, we consider the mid-market to be the “factory for growth”. Mid-market businesses are unique in that they are large enough to invest and make a meaningful impact on the economy, yet small enough to be entrepreneurial in nature, quick and nimble movers with a clear market niche. Whilst there is plenty of innovation occurring in the start-up community, innovation is commercialised in the mid-market.

The report provides a guide to the mid-market, its scale and economic contribution. It also discusses some of the key drivers and constraints faced by the market, gained through in-depth interviews with some of our key mid-market clients.

It will be followed in early 2018 with an index of the fastest growing businesses in this market as well as other research areas of focus in terms of human capital and mergers and acquisitions, which are areas of concern for leaders of dynamic, growing mid-market businesses.

Thank you to our treasured clients who participated and to McCrindle Research, who helped us pull this all together.

I trust you enjoy the findings. Please register on the [website](#) to receive further updates.

#BDOgrowthindex

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AUSTRALIA THE PROSPEROUS NATION

As a nation, Australia has enjoyed 26 years of consecutive economic growth. This is the longest period of recession-free growth that any developed country has experienced during this time.

Our record-breaking performance is rivalled only by Japan's performance between 1975 and 1993 and the Netherlands' growth from 1983 to 2002.¹

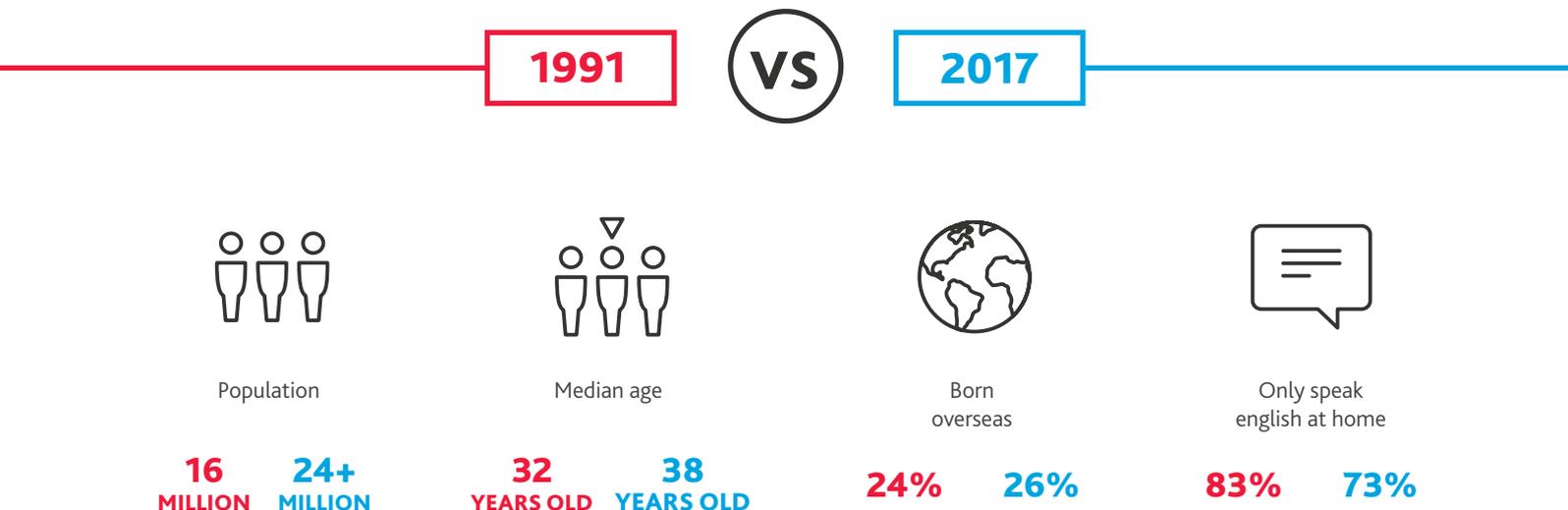
Much has changed during Australia's 26 years of economic success. Our economic growth has taken shape amidst significant technological, demographic, generational and social change. The Australia we live in today is vastly different from that of the late 20th century.

In 1991 when our growth streak began, Australia's population had just passed 16 million and the median age was 32. Less than a quarter (24%) of Australians were born overseas and more than eight in ten (83%) spoke only English at home. The two most commonly spoken languages other than English were both European languages – Italian, spoken by 3% of the population, and Greek (2%).²

In 1991 the average Australian earned just \$13,950 per year and median household income was \$29,337. For home owners the average mortgage repayment (\$563 p/m) represented 23% of household income while rental prices were significantly lower than today at \$110 per week, representing 19% of total household income.³

A quarter of a century later, Australia is home to a large and diverse community. Our population has grown by 42%, exceeding 24 million in 2017, and is set to surpass 25 million in less than a year's time.⁴ Our population is not only larger, but older. Our median age is now 38 years of age, six years older than 26 years ago. Unemployment has fallen from 12%⁵ in 1991 down to just 6%⁶ in early 2017. More than one in four Australians today are born overseas (26%) and the number of people speaking only English at home has dropped to 73%.⁷ Across our capital cities, as many as two in five households speak a language other than English at home (Sydney, 38%; Melbourne, 35%; Canberra, 24%; Darwin, 22%; Perth, 22%; Adelaide, 21%; Brisbane, 18%; Hobart, 9%).⁸

Australia's close proximity to Asia, both geographically and economically, is shifting our demographic make-up. The average person born overseas is, as of 2016, now born in Asia, not Europe. Three of the five the most commonly spoken foreign languages in Australia are of Asian origin – Mandarin (3%), Arabic (1%) and Cantonese (1%),⁹ and more than half (58%) of Australia's population growth is now attributed to net overseas migration.



ECONOMIC GROWTH IN AUSTRALIA

In addition to population growth, Australia has also experienced consistent and continued economic prosperity over this same time period.

Personal income is now 2.5 times larger than it was 26 years ago, and median personal income is \$34,424 per year while average household income is \$74,776.¹⁰

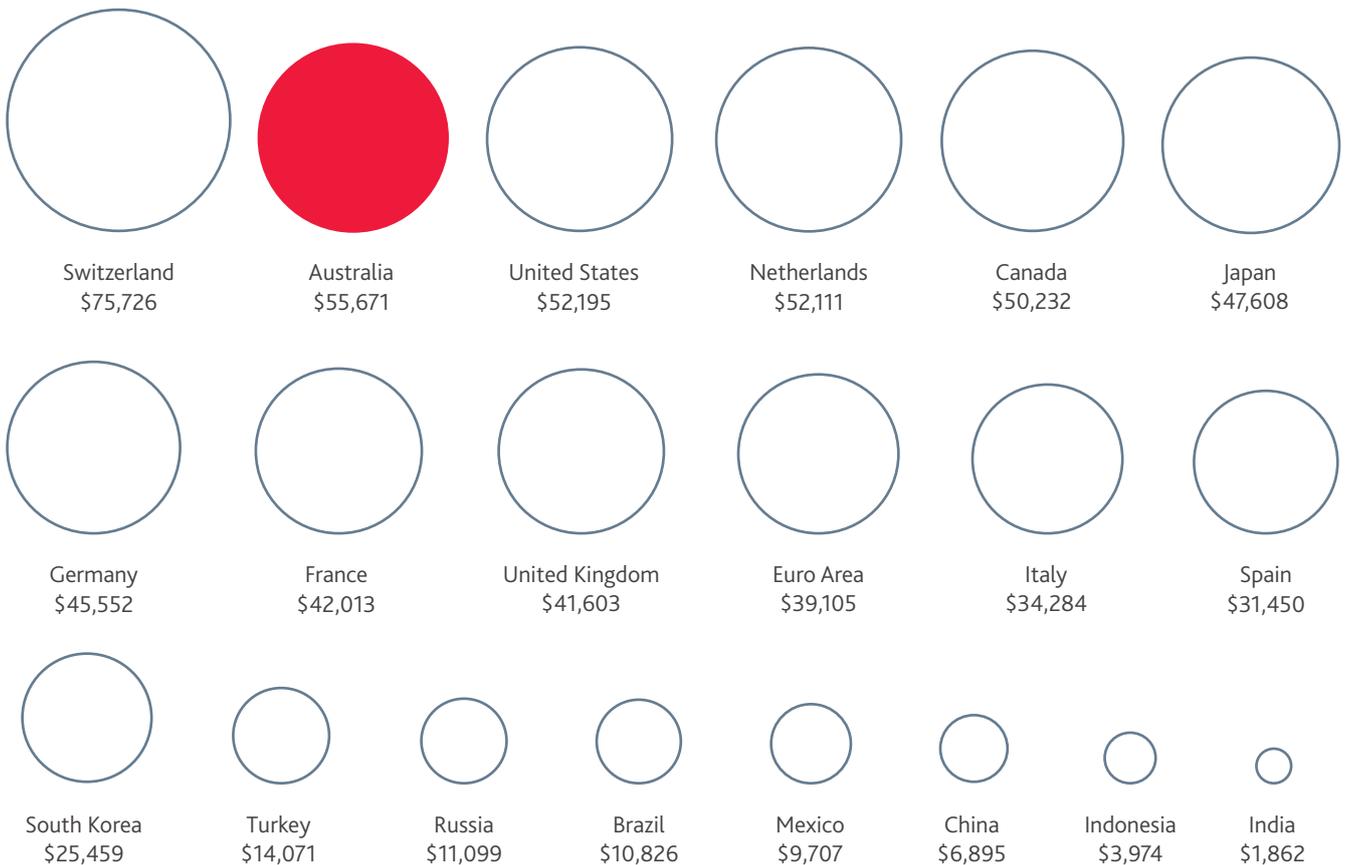
This rapid rise in personal and household wealth has also brought new challenges. As wealth has risen so too has expenditure. While household income has risen 2.5 times, median household mortgage repayments have more than tripled to average \$1,755 per month. Average rents have also tripled to \$335 per week. Mortgage repayments, on average, now account for 28% of household income and rent 23%.¹¹

Despite the challenge of rising house prices in some of Australia's major cities, overall personal wealth and quality of life in Australia is high. Compared to other G20 countries, Australia's GDP per capita (\$55,671 USD) is the second highest after Switzerland (\$75,726 USD). Australia outranks many dominant world economies such as the United States (\$52,195 USD), Japan (\$47,608 USD), and the United Kingdom (\$41,603 USD).¹²

No longer riding on the sheep's back or clinging to minerals, the Australian economy is increasingly diversified.

Today, the services sector contributes a 61% share of GDP. Our rapidly growing population has allowed construction to grow to 8% of GDP, while manufacturing contributes 6% and agriculture 2%.¹⁴ When further delineated, some of the biggest contributors to the Australian economy, by industry - are mining 9%, finance and insurance 9%, and ownership dwellings 9%.¹⁵

GDP PER CAPITA (G20 – 2017)¹³



Employment by industry sector highlights Australia's transitioning economy. Professional industries (e.g. education, media and communications and professional and technical services) is the largest sector employer accounting for a third (33%) of total employment. When combined with the growth sectors of health and hospitality, (26%) Australia's economy is unrecognisable to that of the early 1990s.¹⁶

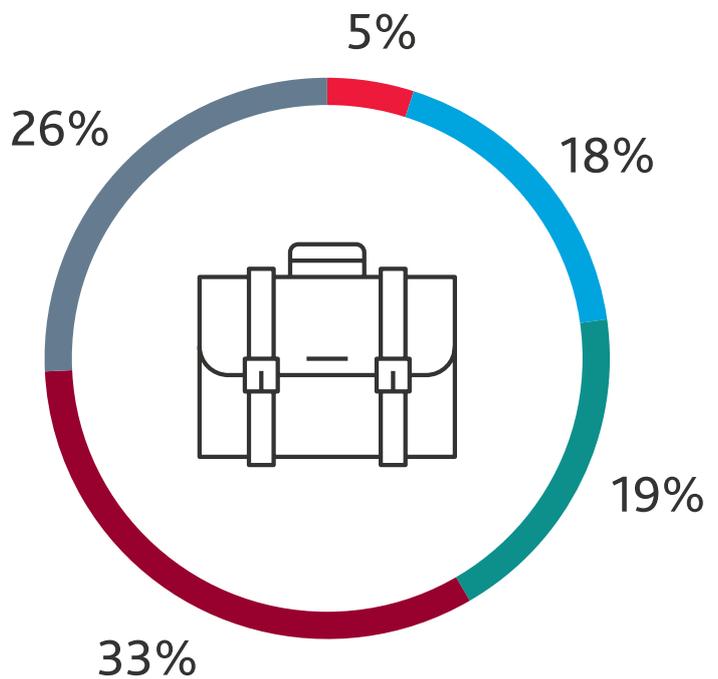
This diverse sectoral mix has yielded impressive economic growth. Current performance is the result of a modicum of variables and contributing factors. Improvements in productivity, competitiveness, and openness to trade as well as our natural resources and growing population have all played a part. The slice of the Australian economy which continues to tick the boxes of economic success is the quiet-achieving middle market.

The slice of the Australian economy which continues to tick the boxes of economic success is the quiet-achieving middle market.



EMPLOYMENT BY INDUSTRY SECTOR (2016)

-  Primary
-  Secondary
-  Tertiary
-  Quarternary
-  Quinary



THE MYSTERY OF THE MIDDLE MARKET

A clear definition of the Australian middle market remains elusive in the global business landscape.

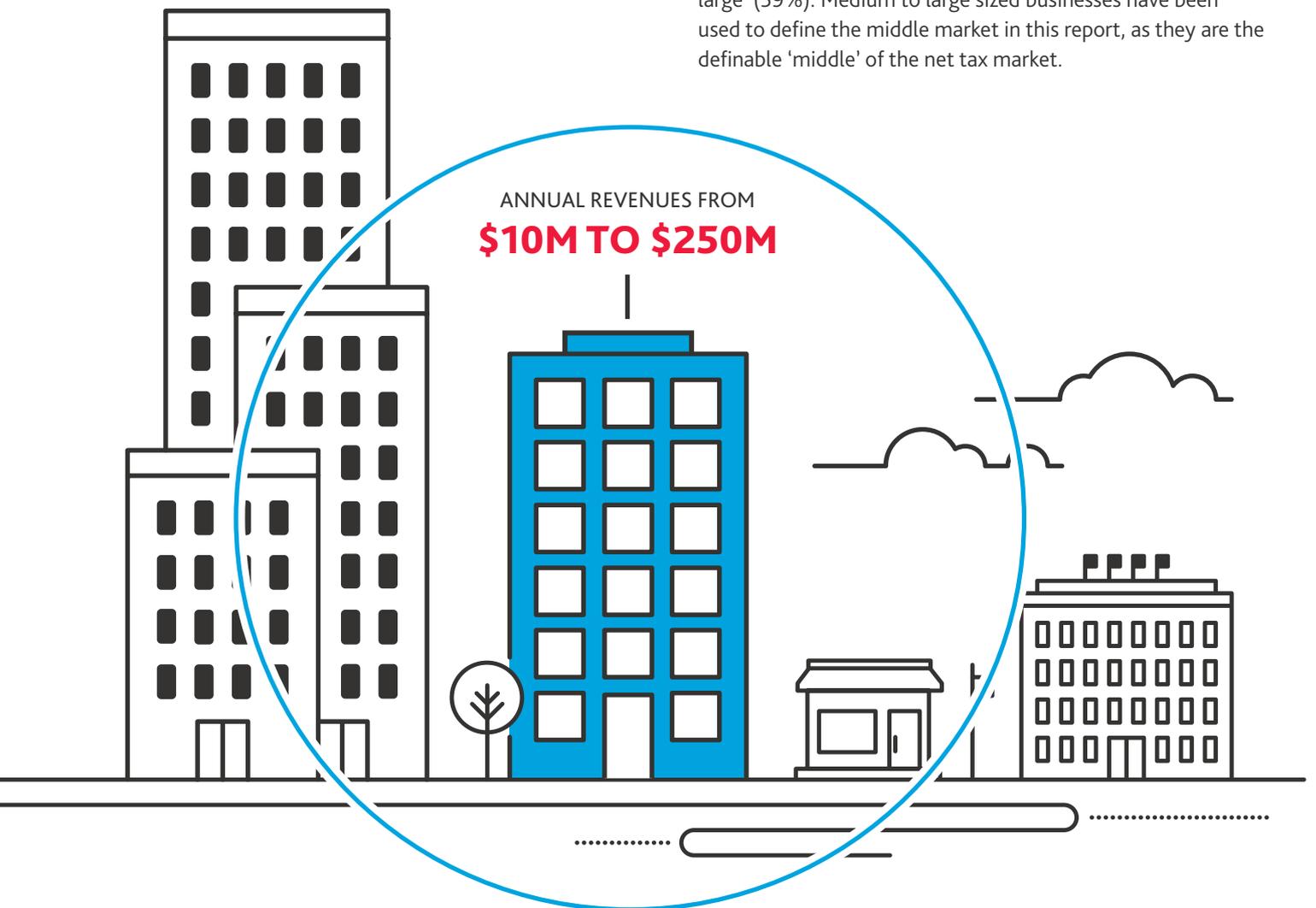
There is a lack of clear consensus as to what counts as the 'middle' and how to define the 'market'.

The Australian Bureau of Statistics (ABS), for example, defines medium-sized businesses as those who employ between 20 and 200 employees.¹⁷ No parameters for revenue, however, are included in their definition. In 2016 the ABS reported that based on employment size, there are **51,024** medium-sized businesses in Australia. Medium-sized businesses account for just 2% of the 2.2 million businesses recorded by the ABS.¹⁸

Others have claimed that the middle market is based on annual turnover, with definitions ranging anywhere between \$5 million and \$500 million.

For the purpose of this report, we define the Australian middle market as businesses with an annual income between \$10 million and \$250 million. This definition is based on data used by the Australian Taxation Office (ATO) and their delineation of revenue¹⁹ as well as research by the Australian Graduate School of Management.²⁰

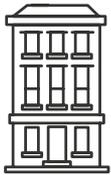
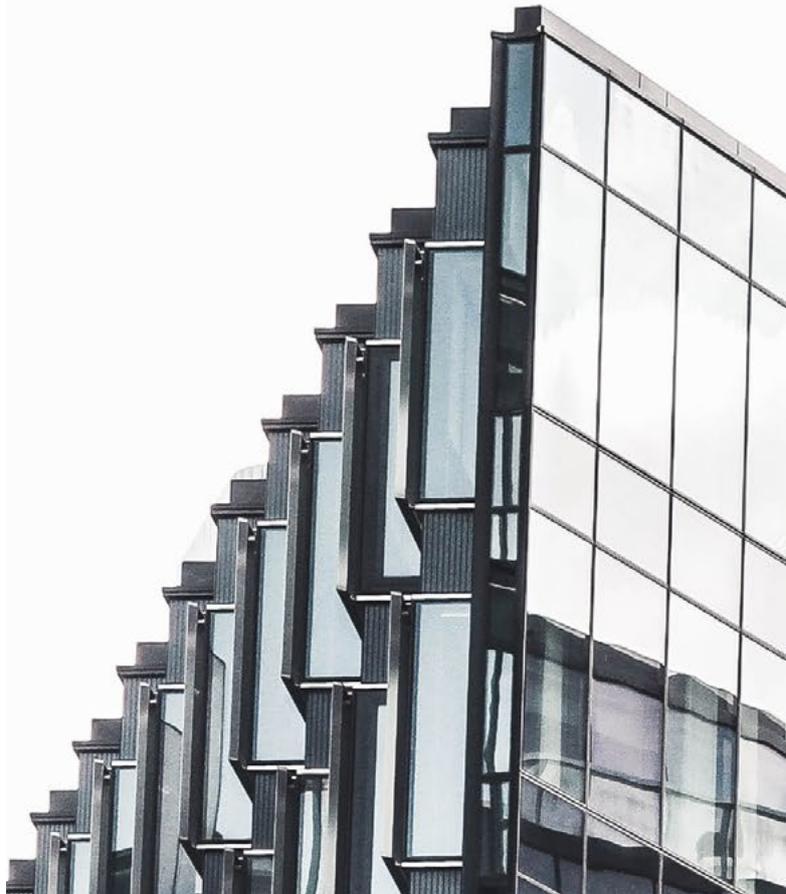
In contrast to the ABS, the ATO defines businesses size by their income. Their definitions divide Australian businesses into seven size categories that range from 'loss' on the lowest end of the spectrum to 'very large' on the highest end. Businesses earning between \$10 million and \$250 million are defined as being 'medium to large' in size. Businesses in this category contribute close to one fifth of net tax (18%) which is comparable to 'micro to small' (23%) and less than the 'very large' (59%). Medium to large sized businesses have been used to define the middle market in this report, as they are the definable 'middle' of the net tax market.



POWERING THE ECONOMIC ENGINE ROOM

In Australia, the middle market ranges across all industry segments, consisting of close to 18,000 registered companies that include both taxable and non-taxable businesses. Within this market size there are also 4,000 trusts, 1,000 partnerships, nearly 300 individuals and over 100 super funds. The result is a market with 23,706 individual entities. These economic powerhouses represent approximately 0.2% of total taxable entities in Australia.²¹ Subject to the availability of publicly listed data, the remainder of this report will focus on the 18,000 companies that operate within the middle market.

Middle market companies represent just 2% of registered companies in Australia. However, they account for over 18% of net tax and 23% of total income for Australia.²²



18,000
Registered companies



4,000
Trusts



1,000
Partnerships



300
Individuals



100
Super funds



2%
Registered companies



18%
Net tax



23%
Total income





DISSECTING THE MYSTERIOUS MIDDLE MARKET

Of the nearly 18,000 companies in the middle market, the largest number are in wholesale trade. Companies operating in the wholesale trade industry make up 18% of the middle market comprising 3,246 registered companies. The second, third and fourth largest industries by total number of companies within the middle market are construction (2,592), manufacturing (2,412) and retail trade (1,952). These are also the four industries with the largest total income. With total market income equal to \$645 billion, the top four industries by income equate to 56% of the total middle market.²³

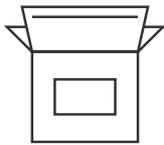
When it comes to making a profit in the middle market, the ranking tables turn. The most profitable middle market industry is the financial and insurance services industry. According to the Australian Taxation Office's most recently published records, the financial and insurance services industry made a total profit of \$17 billion, which is 39% of market

profit. Finance and insurance, however, represent just 9% of Australian GDP.²⁴ This means that just 9% of companies in the middle market contribute more than a third (39%) of market profits. The mining and information media and telecommunications industry, by comparison, were the only industries to come away with a net loss.²⁵

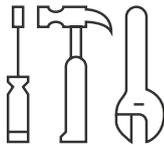
The financial and insurance services industry has the largest asset value in the middle market, followed by mining, manufacturing and wholesale trade.²⁶

The middle market paid \$13 billion in tax. The large earners in the middle market industries pay the price for their revenues, with three of the 20 industry segments (financial and insurance services, wholesale trade and manufacturing) paying 47% of total market tax.²⁷

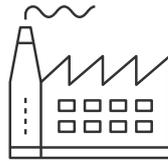
LARGEST INDUSTRIES²⁸



3,246
Wholesale trade



2,592
Construction



2,412
Manufacturing



1,952
Retail trade



MOST PROFITABLE INDUSTRIES

\$17 billion
Financial & insurance service industry



\$4 billion
Construction



\$4 billion
Wholesale trade



\$4 billion
Manufacturing



\$3 billion
Professional, scientific & technical services



IN THE
MID-MARKET

74%

OF PROFITS
ARE DERIVED
FROM JUST
FIVE BROAD
INDUSTRIES.



INSIGHT INTO THE CHANGING MIDDLE MARKET

The middle market has seen unprecedented growth over a number of years. The landscape of the economic environment, however, is changing.

For businesses to continue to see growth, both now and into the future, it is important to not just identify the future trends but take a look in the rear-view mirror.

In the last ten years technology has drastically changed the landscape of business, not just in the products that are sold but in the systems and processes that facilitate growth. Business leaders in the middle market echo this sentiment. "Technology is changing the way we do business. The way we manufacture, sell, communicate, and how we implement tactical sale strategies. It's the whole digitisation of processes within a business. You can resist it if you like, but it's really not worth it. The sooner you embrace the change, the better."

It is not just the business landscape that is changing but the workforce and the expectations of its people. There is increasing desire for work-life balance and flexible working hours which pose challenges for industries such as construction where overtime can be hard to avoid.

"We have to be innovating constantly and the behavior pattern of the workforce is changing."

For some middle market businesses, it can be a challenge to acquire enough capital to pursue market opportunities. Without reliable access to sources of finance, business growth is restricted by onerous conditions or inhibited altogether. Middle market leaders feel business risk-taking is disproportionately penalised rather than rewarded.

Increasing regulations and complex taxation are also indicative of the changing middle market business landscape. Business leaders sense the compliance burden increasing around taxation and occupational health and safety.

Despite these challenges, middle market companies are the core businesses in Australia that generate economic

growth. Middle market businesses are companies that can dramatically increase levels of employment and wealth for investors. Business leaders share that they have seen dramatic and significant change over very short periods of time in their ability to generate stakeholder benefits for employees, investors, and other capital providers. They are confident in the future, stating, "We are the engine rooms of growth."

The impact of technology upon business processes, the changing expectations of the workforce and increasing business regulations is revolutionising the business landscape. In this environment, mid-size business leaders experiencing growth share their lessons on how they operate and adapt.

“

We are the engine rooms of growth.”

MAINTAIN AGILITY AS A PRIORITY

In a changing economic market, middle market players have the advantage of being nimble and agile, not subject to hierarchal structures in the way larger companies are. This enables them to respond quickly and innovatively to the changing market.

Size therefore forms the basis of growth and success. The ability to adapt to changing markets, test and measure the success of the changes made and adapt again are key characteristics of businesses in the middle market.

“Mid-size businesses are still entrepreneurial in the way they approach their strategy and its implementation. They look corporate, but they're not hampered by the cooperateness of the business in terms of the time it takes to make decisions.”

When it comes to growth, leaders see the agility and nimbleness of their mid-size businesses as an asset to staying on trend. When an idea arises, the flatter structure of mid-size businesses allows them to be slightly more innovative than bigger businesses.



We have the ability to come up with concepts, test them, and pilot them more easily than big business.”

CASE STUDY

Lessons from a business turnaround



INDUSTRY
Resource management



ANNUAL TURNOVER
\$159 million



EMPLOYMENT SIZE
120 staff

The company started early in 2005 with an initial acquisition that was identified as suitable. “It didn’t really get traction in the area in a meaningful way until around 2012, when it started achieving some of its early objectives that it had set out. After achieving that initial success, it did run into some commercial difficulties which seriously impinged on the company in 2015. I came in late in 2015 and effectively helped the company push the reboot button.”

In the journey of revitalizing this company, three key focuses were highlighted, learning from the past, not being afraid to make the tough decisions, and being clear on the future direction of the business.

“The first step to recovery is understanding what mistakes were made in the past. The second is being committed to making tough decisions across the organisation. The third is to be very clear about the one thing you are going to do, and do well. It’s a commitment to excellence and execution.”

Innovation has been core to driving change within the organisation. The effects are far reaching from innovating at an operational perspective to the customer experience and how that frames interactions with existing and new partners. “We have been very innovative in terms of how we have been able to attract capital to fund ourselves to actually deliver growth.”

ESTABLISH A CULTURE OF ONGOING INNOVATION

The drive for innovation is most effective when its tone is set by the leaders of the organisation. "Something like innovation is a cultural bent, it comes from particular people, and it usually happens from the top."

Innovation, however, is not just in the big ideas or in the big moments. It has more to do with the extent to which the drive to change and innovate is disseminated throughout the organisation. "It has to do with how much energy and drive people have for innovation on a day to day basis." Innovation is the constant drive for efficiency and improvement, and a refusal to settle for the status quo.

"When you get down to innovation in businesses it's tweaking what you do in lots of minor ways or at times in really significant ways".

For leaders in the middle market innovation has moved away from just being about the product to the systems and processes through which the product reaches the consumer. "It's not all about the product. You can innovate the product, you can make it better, faster, simpler, more compliant, more comfortable. The innovation needs to come from the pathway of how we access and influence consumer engagement with organisations."

At its strength innovation is incorporated broadly across the organisation. A business leader who saw significant growth in his organisation stated that innovation is broad across the organisation and that there are not dedicated teams solely focused on innovation. This culture flows from the top. "I try to instill an innovation culture across the organisation. I believe we can do just about anything we set our mind to, and that we will figure out a way to do it. It's being entirely open to the possibility of the audacious. This is a key characteristic of companies that grow and innovate."

There are some challenges to establishing a culture of innovation. People are used to a certain way of operating and are resistant to change. "The challenge is to convince them that the business is growing thanks to innovation."

At its core, innovation is the lever that is used to implement strategy. It is the process of adjustment and change that allows the rudder to guide the entire ship. "Our strategy for the next two years is to dramatically increase our turnover. To increase our turnover, we have to bring innovation to several areas of our organisation and our people."



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Jenine Waters, who is head of the Human Capital Consulting business at BDO in Sydney, states: "How decisions are made in an organisation can have a significant impact on the level of innovation that occurs. Whilst understanding that certain parameters may be necessary to ensure governance in an organisation, the opportunity for employees to have accountability for their area and to be empowered to make decisions can have a significant impact on the level of innovation that occurs within a business. Mid-tier organisations may have a distinct advantage in this area, being small enough to empower individuals to make appropriate decisions for their area of the business, without suffocating innovation in unnecessary layers of bureaucracy."

An abstract graphic consisting of a complex network of thin, dark lines connecting various points, resembling a web or a neural network. The lines are set against a light, slightly blurred background. The network is denser in some areas and sparser in others, creating a sense of interconnectedness and flow.

ADAPT TO TECHNOLOGY

In a world of rapid digitisation, it can seem difficult to keep up.

The change is constant, and, does not just affect products, but also the systems and processes upon which business is built. "Technology is changing the way we communicate within our business, with our customers, how we respond to orders, how we respond to email enquiries – really, everything. Our web presence has changed the business dramatically over the last ten to fifteen years."

Whilst change is constant, business leaders indicate that it is not an area to become complacent. "If you don't keep up with technology and in fact be a bit ahead, your business will be damaged." It is a challenge to stay with the times and pace of change of technology, but the impacts of doing so show significant returns. Technology enables businesses to gather data to improve their processes and efficiency and to enhance the consumer experience. Business leaders share that new technology has provided them with data to better understand customer requests and increase response times, allowing more space to focus on key priorities.

Technology provides opportunities for growth and opens doors into new markets. Leaders in the middle market state, "Due to technology, middle market businesses will be able to do what bigger businesses used to be able to do sooner and quicker. Gone are the days where you have to really be big before you can become good. That's changed and is the real opportunity for middle market businesses."

A step further than simply responding to technological changes is to be at the helm of investing into new software and technologies. New technologies that are developed specifically for organisations to improve efficiencies can facilitate growth in organisations. "We are developing a technology platform for project management activities that manages quality. In today's language it's an app that we've built ourselves. We've invested half a million dollars in it so far, with another couple of hundred thousand dollars to go. That's the technology we believe will place us at an advantage over our competitors, even if just for a short time."



If you don't keep up with technology and in fact be a bit ahead, your business will be damaged."

CASE STUDY

Adapt to stay in the game



INDUSTRY

Information media and telecommunications



ANNUAL TURNOVER

\$100 million



EMPLOYMENT SIZE

130 staff

Technology has significantly changed the film and television industry. "There's definitely been disruptive elements such as Netflix coming into the market, and Foxtel. They certainly change the television landscape in Australia." The benefits are that change has given production companies a new revenue stream. Netflix is another broadcaster that they can go and pitch to. Whilst the changing digital environment has changed customer experiences and expectations, it has also impacted the processes on which the industry is based.

An upside of the digital revolution is that the digital environment has made it simpler for production companies to distribute their product. Instead of having to wait for footage on tape to arrive from another country, digitisation enables the footage to be uploaded and accessed immediately by post production people in another country. It saves time and streamlines the processes.

Reflecting on the digitisation of the industry, IT leaders share that technology has had an impact on the expectations of the end users. "Technology has certainly had a big impact on the way that we produce. We have had to adapt to it because that is what is expected by broadcasters. If we had not done it and had not maintained our relevance, then we probably wouldn't have maintained the position we were in."

INVEST IN TALENT TO SUSTAIN GROWTH

Whilst middle market businesses contribute significantly to Australia's job market, leaders highlight the challenge of securing suitably skilled talent to drive growth in their businesses.

Some leaders state that they have the financial capability to grow their business but lack the people capability to support their growth targets. They share that the lack of skilled talent is creating a ceiling for business growth.

"Skilled people are everything. If you can't get good people, it becomes a handbrake on your business growth."

Jenine Waters notes, "mid-tier organisations often struggle with when to bring on a HR / People & Culture role. Strategic talent management is critical as an organisation grows, however finding someone who can deliver on the operational needs of an organisation whilst developing a longer term talent strategy can be challenging. We are finding more companies are developing partnerships with a 'virtual' HR provider such as BDO to help provide either the operational support, or the strategic advice they need in a flexible way that puts less pressure on the balance sheet."

When leaders do secure the right talent, there is great reward and organisational success. "If you get the right people and you keep them, your life is bliss. If you don't, it will be really hard work."

Business leaders identify that whilst there are challenges in attracting the right people there are also challenges in developing succession plans. "Succession plans are really hard in that medium-sized company space. Often the succession in the business isn't sufficient, which forces businesses to go to market when they leave if they can't find a suitable successor."

In spite of these challenges, business leaders state it is critical to invest in their current talent pool. In middle market businesses there can often be an initial period of accelerated growth with little attention to systems and structures. A leader who experienced this identified the need to formalise their investment and identification of talent. "From here

on we need to be more structured in our identification of leadership talent and its development. Our starting point is we are hiring a Head of People and Culture. Their role will be to look at the strength of the leadership team, the strength of the team coming through and organise training."

When investing in talent, business leaders look for those whose values align with the organisation. Values such as teamwork, communication, ethics and others that align with organisational culture are paramount. The premise for this is that skills can be taught but changing an individual's values is significantly more challenging.

Further to developing their own talent, some business leaders see another talent market opening. Individuals who have worked in larger companies are desiring an opportunity to work in the nimble middle market. "There is an ability to tap into really good, experienced people who want to come and work for a smaller, more dynamic, faster-moving organisation and get out of the big corporates."



Succession plans are really hard in that medium-sized company space."

DIVERSIFY FUNDING STREAMS

A significant challenge for a number of businesses is the ability to acquire funding.

One business leader acknowledged that their biggest issue has been their ability to access funding for the acquisitions they have wanted to make. The economic market and the tightening of the banks' position around lending were identified as key reasons for this challenge.

"It's a lot harder to borrow money from banks than it used to be. They are a lot more conservative and the level of credit control they have is so fastidious."

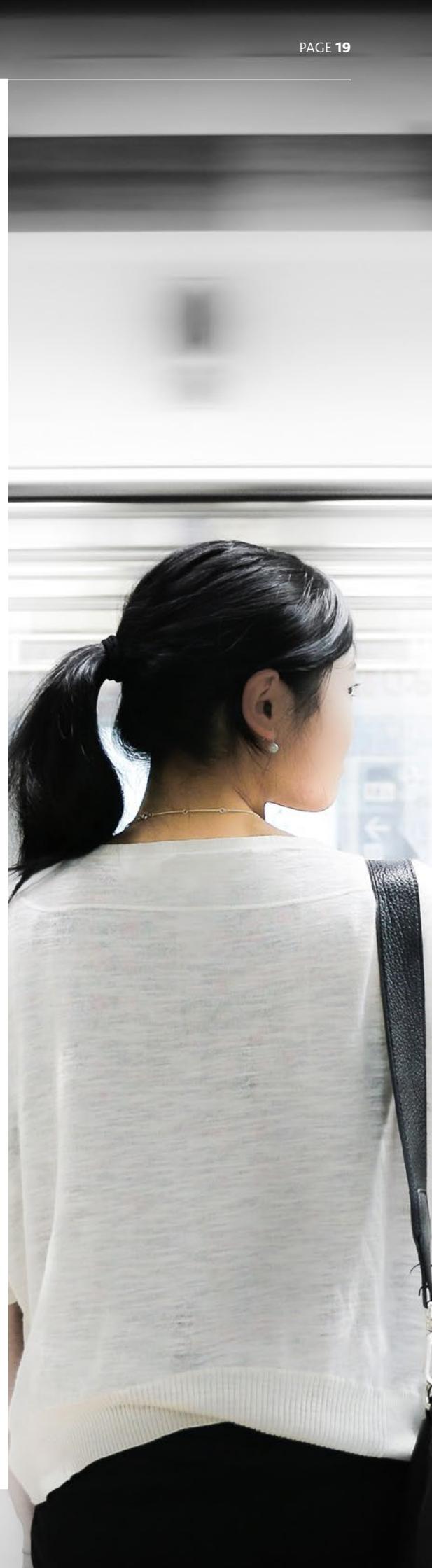
Further to this business leaders identified the need to provide security for funding from outside of their business. This is a challenge for mid-size businesses who have to consider the interests of multiple shareholders.

In response to this a number of business leaders have diversified their funding streams. "We get funding from a number of different sources. We have five funding sources so that we are not just relying on one source." Another had three funding sources including the reinvestment of profits, external injections of capital from new shareholders for specific projects, and bank finance.

A more complex approach by one business leader is to use four significant capital products to fund themselves. "We have used common equity, preferred equity, convertible notes and we have used significant amounts of asset level debt."

The market, however, is not so complex for all. A few business leaders consulted on middle market growth were debt free or had found funding reasonably easy to access. "As a listed entity we've been fortunate that we've been well-supported by our shareholders and our main funding has been shareholder funding. We haven't relied on any external third party debt or any bank or loan finance."

To remain debt free, they had focussed on being very cost conscious in their thinking and actively managing their financial performance.



PRACTISE DUE DILIGENCE WITH ACQUISITIONS

For businesses who use acquisitions as a growth strategy, they give a word of caution.

Those with experience emphasise the importance of truly understanding the business model of the prospective acquisition.

“People don’t do enough due diligence. You have to really understand what you are getting yourself into.”

Acquisitions can yield great rewards but pose great risks. If chosen as a growth strategy, acquisitions must be done well or the business can suffer for many years ahead.

“There are all sorts of risk factors if you are buying a business where you are going to keep working with management. A lot of it comes down to the culture that has been built up in that business. Other risks are the concentration of revenue, their reliance on any suppliers, and whether the economic environment of the area in which they are working is going to increase or decrease.”

Business leaders who are currently growing organically do not rule out growth by acquisition but say it comes down to a question of value proposition. “Most companies think they are worth millions of dollars, but that is not the case. I would only entertain the idea of an acquisition if the company has a good



People don't do enough due diligence. You have to really understand what you are getting yourself into.”

business case and wants to sell up. I wouldn’t take just any company from within our field. It would have to make sense; and would have to be complementary rather than competing.”

A good acquisition is one where you truly understand the company that you are acquiring and you have paid a fair price.

“If you buy right you never lose, and if you pay too much then you can’t make the numbers work. If you pay the right and fair price, you can make it work.”



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In a low interest rate environment acquisitive growth can represent a powerful means by which to grow a business. If acquisitions are well researched, planned and executed they can yield attractive results. However, any contemplated acquisition also represents a risk to the business. This risk needs to be managed. One of the most effective ways to manage risk is to conduct proper effective due diligence. Due diligence can take many forms but is effectively a combination of commercial due diligence, financial due diligence, tax due diligence and legal due diligence. Understanding how the target business will integrate into the acquirer is key to the success. Review and analysis for key items associated with the target such as the underlying quality of earnings, working capital requirements and any required capital expenditure can be significant. Businesses need to ensure adequate due diligence is performed if they want to minimise risk.

CASE STUDY

Insight into acquisitions



INDUSTRY

Wholesale trade



ANNUAL TURNOVER

\$22 million



EMPLOYMENT SIZE

51 staff

This company has been running as a subsidiary of a global company for a year and a half. Prior to that it was a family owned business working on importing and selling machinery.

The acquisition of a family owned business has provided opportunities for growth and challenges. Prior to the acquisition it was identified that management and financial constraints were the barriers to the potential growth of the business. Following acquisition accelerated growth has been driven by two key factors. The injection of capital has enabled the business to invest in

long term strategies. Managerial change has enabled new people with fresh ideas and a new approach enter and shift the organisation.

Business leaders identified the need to bring change to the organisation. The initial areas of focus were to incorporate innovation into the planning and control systems and the culture. Changes have also been made to the organisational structure from a flat structure typical of a family business to a more hierarchical organisation providing responsibility and accountability to managers. Within this process of changing from a family run business to a subsidiary of a global company, some employees have thrived whilst others have struggled to adapt.

It is the ability to adapt to change that enables companies to experience growth and navigate the changing business market.

"It is only the companies who have in their DNA the ability to adapt to changes and anticipate changes who will be able to survive."

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RESEARCH METHODOLOGY

A series of 30-minute phone interviews with business leaders (Chief Executive Officers, General Managers, Chief Financial Officers) were conducted to inform the experiences of business in the middle market.

The interviews investigated challenges and opportunities within the middle market, technology, innovation, acquisitions and strategies for growth. Nine interviews were conducted with business leaders between the 13th – 23rd November 2017.

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