



Buying out, not handing on: A different take on succession

Slattery Asset Advisory & Slattery Auctions is an Australian auction house and valuation practice, helping big organisations sell and manage assets like cars, trucks, heavy plant, industrial equipment, and aircraft. Pat and Ros Slattery started the business in 2000, with a very small team in one office in Newcastle, New South Wales, and it's since grown to operations across four states. Three of Pat and Ros' six children are now involved in the business, all of them with different skills, and all of them with experience of working outside the family firm first.

"It was the youngest of the kids, James, who was the first to show interest in joining the firm," says Tim Slattery, who is now a Director. "But now there are three of us. My brother Paddy, who was in the military, has a natural talent for organisation and operations, while James has the most experience in the nuts and bolts of running an auction business, as well as a real aptitude for client relationships and business development. My background is in the law, which has been useful for dealing with specific legal issues, but it's got a much wider relevance too – the law teaches you to analyse problems, identify which issues need to be addressed, and then prioritise them. That's useful for any firm. These days I work closely with our CFO, as well as taking on marketing and IT."

The moment of transition for Slattery Asset Advisory & Slattery Auctions was in 2012, when the three brothers bought the business from their parents. "It was a decision

that evolved over time – my brothers and I wanted to pursue a more aggressive growth strategy, and reposition the brand in the market, but we understood that, at their stage in life, Pat and Ros were probably not as keen as we were to take on that degree of risk. So we started by talking to our parents about the future of the company and if they felt it was the right time for us to step up whilst giving them more free time and, importantly, relief from the stresses of running a business. Both Mum and Dad were receptive to the proposition and I think the greatest gift Dad ever gave us was being willing to hand over the business at that comparatively early stage, unlike some other family firms I've seen, where the transition has failed because the founder of the business wasn't actually prepared to let go."

The next step in the process was to engage an independent valuer to come up with a fair market value for the firm. "We thought that was essential – as a family business everyone is naturally emotionally invested in the business and it is important that issues such as inheritance, whilst it may be distasteful, are addressed and no one is left feeling there was any favour shown."

Pat and Ros took control of the process of proposing the transition to the other siblings and their spouses over a large family lunch. This ensured everyone had an opportunity to voice an opinion in an open forum. "The three of us who were taking the business forward felt it was important to have a clear distinction between those of us working in it, and the others who weren't. Otherwise there's a risk that those outside won't be as committed to the firm's strategy as those who developed it. Looking back, I think the key success factor in the whole transition process was honesty, and sometimes it was brutal honesty. We dealt with it all openly and constructively with a view that no concerns should be left to fester."

Managing relationships that are both personal and professional is one of the big challenges facing any next gen, and Tim recognises that there are challenges as well as advantages in working with family. "When I first joined, we had some issues around hierarchy to resolve. But it was resolved fairly quickly and after the three of us bought the business we established a three-way 'co-CEO' approach. We have equal shareholdings, equal responsibilities, and equal status. You won't find a structure like that anywhere other than a family firm, but it works for us, partly because we know each other so well. That means you can predict what the others will think about any given issue, and that gives you the freedom to make decisions, knowing what the boundaries are. And if there are real disagreements, we have an independent Executive Director and our CFO on the board, and our father is there to break any deadlock. Though he's never actually had to do that yet."