

Summary – Case Study 13: Beta (Kidman) Family

Business not continuing

The family lost control of the board.

Once the largest private landholder company in Australia, S. Kidman & Co Ltd was recently sold for an undisclosed sum. The company battled drought, government, price crashes and each time got back to profit. But when the family lost interest and then lost control of the Board, they lost the company. Although it was sold at what appeared to be the top of the market, many family members regret the decision.

It's quite likely that if it was put to a vote again, the family may decide to keep the company. But it is now too late. In some ways, the sale of the business cannot be seen as a business failure, because it was sold for an entirely acceptable sum.

But the sale was a failure, in that at least some of the family shareholders only agreed because they had become disinterested. Perhaps this is one of the lessons of Australian agriculture, if you're not truly interested in agriculture for its own sake, not just for the dollars involved, you'd be better to invest somewhere else.

The lesson of study is crystal clear.

1. In any family business, shareholders must remain in control of the Board.
2. The company had withstood everything that nature, markets and governments could throw at it. It had come back from the brink of financial ruin on at least two occasions. But it could not withstand the disinterest of its shareholders.
3. Agricultural investments require patient capital, and to be patient, shareholders may want to be involved.
4. There was no company succession plan. Either it would be kept, or it would be sold.