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Unlisted Companies as Drivers of Economic Growth: The Role of Good Governance

I would very much like to offer a personal perspective of why I adopted good governance in the small family business I inherited some 21 years ago in the North East of England.

It was a small engineering business – and I am not an engineer. I studied politics, And it is not much use to quote Karl Marx when the when Her Majesty's Tax auditors are questioning you. So there is one reason why I needed to have good governance but

There were four main reasons why I wanted to have good governance

Firstly -- We all like the trappings of wealth, and to achieve this I needed to grow the business. I needed systems and processes to monitor, forecast and record how my wealth was growing and to make sure I was maximising the opportunities we had.

Secondly I was also driven by my love of travel and having lots of holidays. I wanted to be able to leave the business and know that the systems and structure that I had established continued to ensure the business properly functioned when I was away. I did not want to have to cut short a holiday to make sure suppliers were paid, or projects were handled appropriately.

It is not just having staff that you trust to be able to do the job, but a system that is in place that they know they are doing it correctly and they will not be brought to task on my return. Next week I go on my fourth ski-ing holiday of the season, so maybe I am starting to get this right.

Thirdly -- I also realised that an organisation that functioned without me as the key stone, or most important person in the business, will be easier to sell, and at a better price. I knew that the systems and culture that would be attractive to a buyer would not be created overnight so I would have to start the process very early in the businesses life so it became a natural form of its function.

Finally, and really finally, there is death. If I am hit by a bus as I leave here today I know the business will continue to function, staff will be paid, customers serviced, and new contracts won. And most importantly my children will still benefit from a dividend at the year end, this year and in the years to come.

Good governance makes sense in a small business – not because a code or a law tells me so, but because I, or my children will benefit in the long term.