

**As** a diversified private investment group, today AEH Group looks like a very different business from the architectural practice founded by John Playoust in 1961, but the Playoust family's vision of protecting value, enhancing wealth and delivering high quality products has survived the test of time. John's four children play an active role in driving the future of the business as company directors. According to managing director of AEH Property, Nicholas Playoust, the family business is intimately shaped by the siblings' shared vision for the future, with the next generation of family members never far from mind:

'The last ten years has largely been about corporatising the business. Essentially, the business has moved from being solely dependant upon our father's oversight to being shared between the four children, of whom I'm one, and dividing up responsibilities in the business with respect to that.'

'The challenge for us, which is something we work on quite a lot, is thinking about the next generation from us. There are seven grandchildren between us and they range in age from being one to 15, so with the older ones it's only a matter of years before they'll be of age to have some sort of involvement. So part of our challenge is really the next generation.'

### Governance and the role of external advisors

With an increasingly complex business structure to manage, the directors benchmark the Group's governance and reporting against small listed companies, while maintaining a philosophy of clear communication and decision-making: 'First of all, we run the business with a high level of governance and reporting, which we like to benchmark against small

listed companies, but without becoming overly bureaucratic or cumbersome. The key thing is that family members are all involved with the business in a day-to-day sense, one way or the other. We like to keep our decision-making relatively simple within that governance framework so there is good access to each other to discuss ideas and make decisions fairly quickly.

The other main ingredient to building shareholder value is external advisors, who help the directors steer the business into new market segments such as retirement villages, commercial property and investments in alternative asset classes:

'We run an advisory board that sits alongside our main board of directors. This board is comprised of two executive directors, an independent chairman, a lawyer and RSM Bird Cameron' Nicholas said.

### Relationship with RSM Bird Cameron

As a key contributor to AEH's governance framework, RSM Bird Cameron has delivered a range of compliance and advisory services to the Group over the last six years. According to Nicholas, the firm's services support day-to-day operations as well as 'big picture' strategic planning:

'We look to RSM for their financial oversight and experience, we look to them for structuring advice on both big picture questions and also particular deals. They provide a very important finance function to our firm. We outsource a lot of our financial management to them.'

Nicholas says RSM Bird Cameron adds value because partners maintain a consistently high standard of service delivery, regardless of the type of the advice:

'Absolutely, RSM Bird Cameron has added value. The relationship we have with them gives us fantastic access to the senior people within the firm. The advice is at the highest level in terms of structuring, taxation and general financial advice. They assist us with making financial, investment and strategic decisions and also in the execution of these decisions from a day-to-day point of view and in building our financial system.'

Nicholas has no hesitation recommending RSM Bird Cameron because of the firm's hands-on, professional approach and ability to deliver strategic advice:

'Without hesitation, it's their professional service, hands-on service, service oriented, and also their strategic input.'

### The future

Consistent with the findings of the thinkBIG 2010 report, Nicholas sees small glimmers of optimism in the economy over the next 12 months. However, he agrees that raising finance will continue to be the major hurdle for developers in the property sector:

'In terms of the outlook, we see some signs of optimism. We think things will improve over the next 12 months, but towards the end of that time.'

'In the property sector, the key issue is really bank lending, particularly for our scale of development work, and it's very difficult to come by. The banks are talking about loosening up their restrictions but there is very little sign of activity at the moment.'

'Our focus is on residential and retirement villages, and particularly in the more affordable end, and that's where we think there's going to be some good opportunities.'

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**AEH Group**