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“Through initiatives like our yearbook, we are proud to celebrate the outstanding achievements of these remarkable women and men, and through our work, to help them thrive for many more generations to come.”

ey.com/betterworkingworld
The odds are stacked against family businesses lasting a long time – just one-third of family businesses are handed to the second generation; only 12% to the third. Every business we feature in this book has therefore beaten the odds. How?

In compiling their stories, it became clear that the most successful leaders of multigenerational businesses share certain traits.

While they never downplay the importance of growth, it is rarely their main objective. Instead, their higher purpose is to build a stronger and more resilient business that can be passed down to future generations.

To do so, they innovate: they invest time and money in disruptive technologies, enter new markets, encourage fresh ideas and apply different approaches to every facet of their organization.

They take the long view. They look at expected returns not over a quarter, but over decades. As such, they drive sustainability into every part of their business and consider the impact that they have on all of their stakeholders – including their employees and their communities – not just their shareholders.

At EY, our higher purpose is building a better working world. And by fulfilling our purpose, we too aim to leave a lasting legacy for our clients, people and society. Through initiatives like our yearbook, we are proud to celebrate the outstanding achievements of these remarkable women and men, and through our work, to help them thrive for many more generations to come.

Mark Weinberger
“The Family Business Yearbook is designed to celebrate excellence in family businesses.”
As EY’s new Global Family Business Leader, I am delighted to present the fourth edition of our *Family Business Yearbook*. The yearbook is designed to celebrate excellence in family businesses, present some of our latest thinking on the issues facing today’s family firms and provide a glimpse of what is going on inside some of the world’s greatest family businesses. More importantly, you will have the chance to learn some important lessons from their experiences, making this yearbook a unique and practical guide to succeed for generations!

Our winners are from many different sectors and, as you will read in their profiles, they are all true innovators and, more often than not, market leaders. Together, these profiles form an unparalleled collection of inspirational stories from some of the world’s most successful multigenerational entrepreneurial family businesses.

The EY Family Business Award of Excellence was launched in 2012. It is part of our Entrepreneur Of The Year™ program, and recognizes exceptional entrepreneurs who lead their own family businesses. Five years on, it now takes place in more than 25 countries. With just 10% of all family-owned businesses surviving beyond the second generation, our winners are a testament to the unique resilience, family values, innovative and entrepreneurial spirit, and long-term vision that characterize the world’s most successful family businesses.

The yearbook also shows that family businesses are true innovators as well as contributors to their communities. To emphasize this, we have dedicated our “Special recognition” section to William Lauder, Executive Chairman of The Estée Lauder Companies, founded by his grandmother Estée Lauder.

His family company provides a perfect example of how long term vision and family values have contributed to making it a global leader. We wanted to recognize the family’s unique ability to leverage its rich tradition to fuel innovation, which has enabled the Estée Lauder brands to remain firmly at the forefront of their industry and reinvent their sector with every product they put on the market. To find out more, see our special feature on page 190.

The articles in the thought leadership section of this yearbook are full of the lessons we learned from our award winners. They focus on these companies’ innovations, growth and talent, and how governance and succession planning have represented key factors in facilitating their market leadership. We will also present to you the key findings from the 2017 Global Family Business Tax Monitor. EY and the University of St. Gallen have teamed up to compare 69 different countries’ inheritance rules with regard to family business succession. Our aim is to identify the economies that offer the best conditions for family business transfer. See page 198 for these insights.

Another new important feature this year is the spotlight on our family business growth accelerators. We were able to measure growth of the top 500 family businesses worldwide between 2012 and 2015, discovering some very exceptional performances that help debunk the myth that family businesses grow sustainably but more slowly than other businesses. You can find our family business growth accelerators ranking in the regional sections.

The accelerated pace of disruption, shifting regulatory environments and constant changes in the global economy make this an exciting yet challenging time for family businesses. I’m excited to have the opportunity to further strengthen and expand EY’s services and programs to help Family Businesses achieve their highest growth potential.

Enjoy this yearbook. I hope it will help you succeed for generations.
EY Family Business Award of Excellence
The EY Family Business Award of Excellence recognizes the exceptional entrepreneurs who lead today’s successful family businesses. With just 10% of all family-owned businesses surviving beyond the second generation, our winners are a testament to the unique resilience, family values and long-term vision that characterize the world’s best family businesses.

The award recognizes family businesses that are true innovators in their sectors and, more often than not, lead their market and contribute significantly to their communities. A selection of the 2016-17 award winners are featured in this book. The award is part of EY’s Entrepreneur Of The Year program and takes place in more than 25 countries worldwide, and keeps expanding each year.

EY Family Business Award of Excellence winners 2016-17

01 John Honan | Manildra Group, Australia
02 Friedrich Santner | Anton Paar GmbH, Austria
03 Guido Vanherpe | La Lorraine Bakery Group, Belgium
04 Ana Maria Igel | Ultrapar, Brazil
05 Donald A. Wheaton | Wheaton Group, Canada The Prairies
06 Robyn Eddy | Eddy Group, Canada Atlantic
07 Georges Bougaud | Recamier, Colombia
08 Jørgen Mads Clausen | Danfoss, Denmark
09 Zachary and Vesa Mäenpää | Tammer-Tukku, Finland
10 Denis Lambert | The LDC Group, France
11 Bernhard Simon | Dachser, Germany
12 Alessandro Barberis Canonico | Vitale Barberis Canonico, Italy
13 Sir William Gallagher | Gallagher, New Zealand
14 Ovidiu Buluc | Farmexim, Romania
15 Heinrich Jessen | Jebsen & Jessen (SEA), Singapore
16 Bogomir Strašek | KLS Ljubno, Slovenia
17 José Luis Calvo | Grupo Calvo, Spain
18 Peter, Lisa and Martina Rejler | Rejlers, Sweden
19 Hans-Rudolf Schurter | The SCHURTER Group, Switzerland
20 Frits van Eerd, Colette Cloosterman-van Eerd and Ton van Veen | Jumbo, Netherlands
21 Nicholas Oughtred | William Jackson Food Group, United Kingdom
22 Trisha Lemery | Winset, Inc., United States
23 Kris Kowalski Christiansen and Mary Anne Kowalski | Kowalski’s Markets, United States (finalist)
24 Sidney Robert Brown | NFI, United States (finalist)
25 Carter Hamilton Sterling | Sterling Lumber Company, United States (finalist)
26 William P. Lauder | The Estée Lauder Companies, United States (Special recognition award)
The 26 Family Business Award of Excellence winners in 2016

- **Generated US$66b** in revenues
- **Employ 235,454** people
- **Are, on average, 81 years old**
- **15% are public listed companies**
Highlights of the EY Global Family Business Summit 2016

The third EY Global Family Business Summit took place in Monaco during the EY World Entrepreneur Of The Year™ Forum, where we celebrated the accomplishments of the people who are building businesses, creating jobs and growing the global economy. It equipped family business owners with ideas, inspiration and intelligence to help them become the best family businesses they can be. It is undeniable that a family business has huge potential competitive advantages, but there are also pitfalls that must be carefully mitigated to enjoy the full benefit of family power. All these topics were addressed through our theme “Maximizing the family business advantage.” More than 300 family business owners and entrepreneurs attended the summit’s sessions and breakouts, and almost 200 attended the exclusive launch of our Family Business Yearbook 2016 at the Monaco Yacht Club.
Background and history of the EY Entrepreneur Of The Year program

The EY Entrepreneur Of The Year program honors entrepreneurs whose ingenuity, hard work and perseverance have established and accelerated the growth of innovative business ventures.

The EY Entrepreneur Of The Year program was established in the US 31 years ago. Today, more than 60 countries participate and, each year, there are more than 5,000 nominations, 900 judges, 45,000 attendees at our gala award ceremonies and 500 award winners. The program concludes with one entrepreneur being crowned the World Entrepreneur Of The Year. The Entrepreneur Of The Year award has become the mark of world-class individuals leading world-class companies.

A who's who of the world's businesses

The EY Entrepreneur Of The Year program is well known for identifying disruptive and fast-growth entrepreneurial businesses before they become household names. Past winners include Marriott, LinkedIn, Cirque du Soleil, Chobani, Stripe and Klarna.

EY World Entrepreneur Of The Year award

For the last 18 years, the EY Entrepreneur Of The Year award country winners have gathered together in Monte Carlo to vie for the title of World Entrepreneur Of The Year – and be inducted into the World Entrepreneur Of The Year Hall of Fame.

Why did EY establish the Entrepreneur Of The Year program?

We felt that it was important to recognize the world’s most successful and innovative entrepreneurs. By recognizing their outstanding achievements in growing dynamic businesses, we aim to encourage entrepreneurial activity around the world.

We work with great entrepreneurs at every level of society: fresh thinkers in global corporations, visionaries at start-up level and social entrepreneurs working on society’s most pressing problems. We have learned a great deal from this engagement. We recognize that entrepreneurialism isn’t about size – it’s about a state of mind. We believe it’s something that all businesses can – and should – embrace.

We want to encourage people around the world to think about what it takes to be an entrepreneur, and how we can create an environment where innovation and creativity can thrive. The EY Entrepreneur Of The Year and World Entrepreneur Of The Year programs are a natural extension of this commitment.
EY Family Business Award of Excellence

EY World Entrepreneur Of The Year™ award winners

<table>
<thead>
<tr>
<th>Year</th>
<th>Winner Name</th>
<th>Company/Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Paolo della Porta</td>
<td>SAES Getters, Italy</td>
</tr>
<tr>
<td>2002</td>
<td>Stefan Vilsmeier</td>
<td>BrainLab, Germany</td>
</tr>
<tr>
<td>2003</td>
<td>Naryana N. R. Murthy</td>
<td>Infosys Technologies, India</td>
</tr>
<tr>
<td>2004</td>
<td>Tony Tan Caktiong</td>
<td>Jollibee Food Corporation, Philippines</td>
</tr>
<tr>
<td>2005</td>
<td>H. Wayne Huizenga</td>
<td>Huizenga Holdings, US</td>
</tr>
<tr>
<td>2006</td>
<td>Bill Lynch</td>
<td>Imperial Holdings, South Africa</td>
</tr>
<tr>
<td>2007</td>
<td>Guy Laliberte</td>
<td>Cirque du Soleil, Canada</td>
</tr>
<tr>
<td>2008</td>
<td>Jean-Paul Clozel</td>
<td>Actelion Pharmaceuticals, Switzerland</td>
</tr>
<tr>
<td>2009</td>
<td>Cao Dewang</td>
<td>Fuyao Glass Industry Group, China</td>
</tr>
<tr>
<td>2010</td>
<td>Michael Spencer</td>
<td>ICAP plc, United Kingdom</td>
</tr>
<tr>
<td>2011</td>
<td>Olivia Lum</td>
<td>Hyflux Limited, Singapore</td>
</tr>
<tr>
<td>2012</td>
<td>Dr. James Mwangi</td>
<td>Equity Bank Limited, Kenya</td>
</tr>
<tr>
<td>2013</td>
<td>Hamdi Ulukaya</td>
<td>Chobani, Inc., US</td>
</tr>
<tr>
<td>2014</td>
<td>Uday Kotak</td>
<td>Kotak Mahindra Bank Limited, India</td>
</tr>
<tr>
<td>2015</td>
<td>Mohed Altrad</td>
<td>Altrad Group, France</td>
</tr>
<tr>
<td>2016</td>
<td>Manny Stul</td>
<td>Moose Enterprise, Australia</td>
</tr>
</tbody>
</table>

Impressions of EY World Entrepreneur Of The Year 2016, Monte Carlo, 7-12 June 2016
Giuseppe Lavazza, Vice-Chairman and member of the Board of Luigi Lavazza S.p.A., speaking on the main stage.

Mark A. Weinberger, EY Global Chairman and CEO, together with Ilkka Paananen, CEO of Supercell, and William Wolfram, founder of DealDash.

The Japanese Entrepreneur Of The Year delegation on the red carpet.

2016 EY World Entrepreneur Of The Year award winner Manny Stul, Moose Enterprise, Australia.

David Mann, Chief Economist of Asia, Standard Chartered; Axel Threlfall, Editor-at-Large, Reuters; and Uschi Schreiber, EY Global Vice Chair – Markets and Chair of Global Accounts Committee.

Firework celebration at the World Entrepreneur Of The Year gala.

Mark A. Weinberger, EY Global Chairman and CEO, interviews Paul Polman, CEO, Unilever.

Family Business Center of Excellence Special Recognition recipient André Hoffmann, Non-Executive Vice-Chairman of Roche, and Julie Teigland, EY Regional Managing Partner for Germany, Switzerland and Austria.

The independent judging panel for World Entrepreneur Of The Year 2016.

Selim Bassoul, Chairman and CEO of The Middleby Corporation, showing his innovative ovens that are used by refugees worldwide.

Dan Schulman, President and CEO of PayPal.
EY Family Business Award of Excellence

Winners
“Family businesses are the most resilient of all types of business structures. Whatever happens in the wider political and economic environment, they will continue to be crucial to the dynamism and growth of Europe’s economies.”

Helena Robertsson
EY EMEIA Family Business Leader
Is Europe at a crossroads? I think it is, because what happens in 2017 and 2018 will define the future direction and prosperity of the continent for many years to come. The European Union is dealing with the question of whether the countries that constitute it will stand together or fall apart, and the next two years will be crucial in deciding the outcome. Brexit has brought into sharp focus the fault lines within Europe, which center on the growth of nationalism in many parts of the continent. For Europe’s family business community, these issues raise many questions. All businesses like certainty and, if Europe becomes more divided, economic certainty will be undermined. But, as we have seen so many times in the past, family businesses are the most resilient of all types of business structures. Whatever happens in the wider political and economic environment, they will continue to be crucial to the dynamism and growth of Europe’s economies.

The role family businesses play in the wider community through their support of all of their stakeholders is a well-known phenomenon. But European family businesses are taking this a step further and becoming more value- and impact-based businesses. They are focusing on how they can contribute to a better Europe when it comes to issues such as jobs and supporting their communities through charitable and other efforts. This is particularly the case with many of the next-generation leaders of these businesses. They will move their businesses further down a socioeconomic imperative in the years ahead.

On the pure business front, Europe’s family businesses are also becoming less conservative in how they grow. Of course, not all of them – many will continue to finance growth internally – but there is a definite trend toward some companies looking to bring in outside finance. This is helped by the low-interest environment that currently exists throughout the continent, which means borrowing from banks may work out cheaper than financing growth internally.

Also, Europe’s family businesses are considering private equity-type structures. This is largely because an increasing number of private equity firms are offering more long-term financing options and are willing to take minority shares in companies in return. They have listened to the concerns of family businesses when it comes to their business models, and they are acceding to their wishes. Nevertheless, family businesses in the region are not thinking about raising finances through a stock exchange listing. They see this as a step too far, as they would lose partial control and have to adhere to a new set of governance structures.

A shortage of skilled labor is still a big issue for many family businesses in the region, but particularly so in Germany. It is estimated that the lack of skilled workers costs German companies around €50 billion annually in unrealized revenues. In the short term, the influx of refugees coming into Europe, especially Germany, cannot solve the problem. Few refugees arrive with the necessary qualifications or language skills to fill these vacancies. In the longer term, refugees will help to fill these jobs but, for now, they are making little difference to the skill shortages confronting many of the region’s family businesses. And that is holding back growth.

Europe’s family businesses face many challenges, and they need support from governments to ensure they face minimal bureaucratic difficulties in order to do what they do best – creating great products and services, and employing millions of people in the process. They are the bedrock of the European economy. And, no matter what they have to deal with, they will continue to be so for many years ahead.

Helena Robertsson
helena.robertsson@se.ey.com
Family business in Europe | Facts and figures

Of the world’s 500 largest family businesses, 44.8% (224) are located in Europe.

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

The largest family businesses in Europe

The top 10 family businesses generated approximately US$948.3 billion of Europe’s overall GDP of US$20.1 trillion in 2015 and employed more than 2.4 million people.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company name</th>
<th>Revenues (2015) in US$ billion</th>
<th>Number of employees (2015)</th>
<th>Family shareholding or voting rights (latter indicated by *)</th>
<th>Public listed company</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Volkswagen AG</td>
<td>231.7</td>
<td>591,425</td>
<td>Porsche and Piëch 52.2%*</td>
<td>Yes</td>
<td>Germany</td>
</tr>
<tr>
<td>2</td>
<td>Exor SpA</td>
<td>148.1</td>
<td>303,247</td>
<td>Agnelli 53.0%</td>
<td>Yes</td>
<td>Italy</td>
</tr>
<tr>
<td>3</td>
<td>Bayerische Motorenwerke AG (BMW)</td>
<td>100.1</td>
<td>122,244</td>
<td>Quandt 46.8%*</td>
<td>Yes</td>
<td>Germany</td>
</tr>
<tr>
<td>4</td>
<td>Schwarz Group</td>
<td>93.1</td>
<td>360,000</td>
<td>Schwarz 100.0%</td>
<td>No</td>
<td>Germany</td>
</tr>
<tr>
<td>5</td>
<td>Aldi Group</td>
<td>82.2</td>
<td>162,579</td>
<td>Albrecht 100.0%</td>
<td>No</td>
<td>Germany</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.
The top 224 family businesses in Europe

**Generated**
US$2,909.1b in revenues (14.5% of Europe’s GDP)

**Employ**
10,606,604 people (2.7% of Europe’s workforce)

**Realize**
US$1,787.2b of market capitalization

39.7% are public listed companies

Are, on average, 90.2 years old

Source: Global Family Business Index and Oxford Economics information; revenue and number of employee figures as of 2015; market capitalization as of 31 December 2016.

Some interesting anniversaries

<table>
<thead>
<tr>
<th>Anniversary</th>
<th>Company</th>
<th>Family</th>
<th>Industry</th>
<th>Headquarters</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>225</td>
<td>Jerónimo Martins SGPS SA</td>
<td>Soares dos Santos</td>
<td>Retail and manufacturing</td>
<td>Lisbon</td>
<td>Portugal</td>
</tr>
<tr>
<td>180</td>
<td>Hermès International SCA</td>
<td>Hermès</td>
<td>Retail</td>
<td>Paris</td>
<td>France</td>
</tr>
<tr>
<td>150</td>
<td>Voith GmbH</td>
<td>Voith</td>
<td>Industrial machinery, automotive industry and mechanical engineering</td>
<td>Heidenheim an der Brenz</td>
<td>Germany</td>
</tr>
<tr>
<td>125</td>
<td>Bartels-Langness GmbH &amp; Co KG</td>
<td>Langness</td>
<td>Wholesale</td>
<td>Kiel</td>
<td>Germany</td>
</tr>
<tr>
<td>80</td>
<td>Viohalco SA</td>
<td>Stasinopoulos</td>
<td>Metals and manufacturing</td>
<td>Brussels</td>
<td>Belgium</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

The top 3 industry sectors are:
- **86** Consumer products and retail
- **32** Automotive and transportation
- **27** Diversified industrial products

The top 3 countries are:
- **71** Germany
- **29** France
- **19** Switzerland

The top 224 family businesses in Europe

64.0
63.6
58.9
55.7
50.9

Gunvor SA
ArcelorMittal SA
Groupe Auchan
Louis Dreyfus Holding BV
Casino Guichard-Perrachon

1,500
209,404
337,737
35,956
325,820

Törgqvist
Mittal
Mulliez
Louis-Dreyfus
Naourri

61.0%
37.4%
87.8%
> 50.0%
50.7%

No
Yes
No
No
Yes

Switzerland
Luxembourg
France
Netherlands
France

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. Revenue, number of employees and shareholding information as of 2015.
## Some recent M&A deals involving European family businesses

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2017</td>
<td>Heineken NV</td>
<td>Heineken NV is acquiring the Brazilian unit of Japanese brewer Kirin Holdings Co for US$707 million. According to Heineken, Brasil Kirin had a 9% share of Brazil’s beer market in 2015. In 2016, sales at Brasil Kirin dropped to JPY118 billion (US$1.04 billion) from JPY134 billion the previous year. The acquisition makes Heineken, which already has a beer business in Brazil, the second-largest brewer in the country after the local business of Anheuser-Busch InBev NV.</td>
</tr>
<tr>
<td>January 2017</td>
<td>Luxottica Group SpA</td>
<td>Italy’s Luxottica and France’s Essilor have agreed to one of Europe’s largest-ever cross-border mergers, a €50 billion deal to create the global leader in the fast-growing eyewear industry. The deal sees Luxottica, the world’s leading consumer eyewear group and owner of Ray-Ban, Oakley and Sunglass Hut, merging with Essilor, the biggest manufacturer of lenses. Leonardo Del Vecchio, Luxottica’s 81-year-old billionaire founder and Italy’s richest man, will become the largest single shareholder in the merged group, holding about a third of the new company, although his voting rights will be capped at 31%. The long-mooted deal will create a group with a combined market value of about €50 billion, combined sales of about €15 billion, and staff of more than 140,000. The deal will rewrite the dynamics of the €90 billion eyewear industry.</td>
</tr>
<tr>
<td>December 2016</td>
<td>Woolrich Inc.</td>
<td>Woolrich Inc., a family-owned company founded in 1830, merged with its European partner WP Lavori in Corso Srl. The merged entity, Woolrich International, will be headquartered in London. Lavori owns Woolrich Europe, licensee of the Woolrich trademark for Europe and Asia. The merger includes all of Woolrich’s industrial assets, the rights associated with the brand and the entire distribution network. Woolrich International will have US offices in Woolrich, PA and New York City, as well as Italian offices in Bologna and Milan. It plans to go public, possibly within five years. The founding Rich family will continue to own a significant stake. Seventh-generation member Nicholas Brayton will continue as President of Woolrich Inc. and will lead the North American market.</td>
</tr>
<tr>
<td>November 2016</td>
<td>JAB Holding Company Sarl</td>
<td>Germany’s Reimann family, one of Europe’s wealthiest business families, has agreed to acquire Super Group, a Singapore-listed manufacturer and distributor of instant coffee, tea and cereals. JAB Holding, the Reimann family’s investment vehicle, has assembled a global tea and coffee empire that includes Stumptown Coffee Roasters and Keurig. Jacobs Douwe Egberts, in which JAB has a controlling stake, is offering US$1 billion for Super Group. Earlier in 2016, JAB acquired Krispy Kreme for about US$1.35 billion. Forbes magazine has estimated that the four family members who own JAB Holding have a combined wealth of more than US$16 billion.</td>
</tr>
<tr>
<td>September 2016</td>
<td>Anheuser-Busch InBev BV</td>
<td>Anheuser-Busch InBev, the world’s largest brewer, which is owned by three Belgian families, has completed a US$100 billion acquisition of rival SABMiller, resulting in a global behemoth with an estimated 28% market share. As a result of the deal, the owners of SABMiller – the Santo Domingo family of Colombia – are expected to consolidate their status as the country’s wealthiest family.</td>
</tr>
<tr>
<td>July 2016</td>
<td>LVMH Moët Hennessy Louis Vuitton SE</td>
<td>French luxury goods conglomerate LVMH Moet Hennessy Louis Vuitton has sold its Donna Karan fashion brand to US group G-III Apparel in a deal that values the brand at US$650 million. The US group, which designs, manufactures and markets apparel products, is financing the deal with new debt and shares worth US$75m to be issued to LVMH. This is LVMH’s largest brand sale since 2005, when it sold the fashion house Christian Lacroix to the US Falic Group.</td>
</tr>
</tbody>
</table>

Source: ThomsonOne.

## Selected obituaries

We take this opportunity to remember some of the famous family entrepreneurs who died in the last year:

**1 February 2017**

**Sir Ken Morrison**, the British food retail legend who was credited with transforming the eponymous family business into the UK’s fourth-largest food retailer, and who was its life President and formerly its Chairman, has died aged 85. The inspirational entrepreneur led Morrisons to operate 375 stores and serve more than nine million customers a week by the time of his retirement in 2008.

**18 September 2016**

The inventor of the BRITA water filter has died aged 84. **Heinz Hankammer** founded BRITA in 1966. In 1999, he moved to the supervisory board and handed over the management of the German family business to his son Markus Hankammer. BRITA has its headquarters in Taunusstein near Wiesbaden and has production plants in Germany, Italy, Switzerland and the UK. In 2015, BRITA had

Source: Factiva.
Changes in leadership

**Benetton Group SRL**
Alessandro Benetton resigns from Board of Benetton Group – November 2016
Alessandro Benetton, son of Luciano Benetton, one of the four siblings who founded the Benetton Group, has quit the company’s board. Alessandro joined the company in 1988 as Chairman of its board of directors, having previously worked for Investimenti Confindustria, BT Italia, Moncler, Robert Bosch International Beteiligungen AG, Autogrill, Edizione Srl and Goldman Sachs.

**Bolloré SA**
Vincent Bolloré appoints his son to Vivendi Board – May 2016
The French billionaire Vincent Bolloré has appointed his son Yannick Bolloré to Vivendi’s supervisory board. The move tightens Vincent Bolloré’s grip on the media group as it looks to become a force in Southern Europe. Yannick is Chairman and CEO of Havas advertising group, which is controlled by the Bolloré family, and he replaces Philippe Donnet on Vivendi’s Board. Philippe is the new CEO of Italian insurance group Generali.

**Lego A/S**
Fourth-generation member named Lego Vice Chairman – April 2016
Thomas Kirk Kristiansen, aged 37, has been named to succeed his father Kjeld Kirk Kristiansen as Vice Chairman of Denmark-based Lego A/S. Lego toys are sold in more than 140 countries, and the company made a record profit of US$1.39 billion in 2015. The succession process started in 2004, when Kjeld stepped down as CEO and brought in the first non-family member to serve as the company’s Chief Executive.

**Sodexo SA**
Founder’s daughter named Chair of Sodexo Board – February 2016
The board of Sodexo appointed Sophie Bellon as Chair following a shareholders’ meeting on 26 January 2016. The French company provides “quality of life” services, consisting of three types: on-site, benefits and rewards, and personal and home. Sophie, the eldest daughter of company founder Pierre Bellon, will succeed her father, who will become Chairman Emeritus. Sophie joined Sodexo’s board in 1989 and has been Vice Chairwoman since November 2013.

**Henkel AG & Co KGaA**
Henkel names Hans Van Bylen as new CEO – January 2016
Hans Van Bylen is to take over as CEO of German consumer goods maker Henkel after the incumbent Kasper Rorsted left to become the new CEO of adidas. Hans, former head of Henkel’s beauty care business, joined the family-controlled firm in 1984 and has been a member of the management board since 2005. Henkel, currently chaired by fifth-generation member Simone Bagel-Trah, reported revenues of US$19.6 billion in 2015. Henkel is known for its Persil washing powder and Schwarzkopf hair products.

Some of the oldest family businesses among the top 224 in Europe

<table>
<thead>
<tr>
<th>Company</th>
<th>SA D’Ieteren NV</th>
<th>Wieland-Werke AG</th>
<th>Bolloré SA</th>
<th>Aker ASA</th>
<th>Louis Dreyfus Holding BV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founded</td>
<td>1805</td>
<td>1820</td>
<td>1822</td>
<td>1841</td>
<td>1851</td>
</tr>
<tr>
<td>Family</td>
<td>D’Ieteren</td>
<td>Schleicher</td>
<td>Bolloré</td>
<td>Rokke</td>
<td>Louis-Dreyfus</td>
</tr>
<tr>
<td>Industry</td>
<td>Vehicle distribution, vehicle glass repair and replacement</td>
<td>Metals and mining</td>
<td>Transport and logistics</td>
<td>Holding company</td>
<td>Merchant</td>
</tr>
<tr>
<td>Headquartered</td>
<td>Brussels</td>
<td>Ulm</td>
<td>Puteaux</td>
<td>Lysaker</td>
<td>Amsterdam</td>
</tr>
<tr>
<td>Country</td>
<td>Belgium</td>
<td>Germany</td>
<td>France</td>
<td>Norway</td>
<td>Netherlands</td>
</tr>
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</table>

1,480 employees and revenues of €429 million.

15 August 2016
Gerald Cavendish Grosvenor, the sixth Duke of Westminster, died suddenly at the age of 64, leaving a family enterprise worth £9 billion. His 25-year-old son Hugh has inherited his title and estate. The family’s holdings include some of London’s most exclusive addresses, such as Eaton Square and Grosvenor Square, and well-known London locations such as the Beaumont Hotel and the Gagosian Gallery.

27 January 2016
The great inventor Artur Fischer has died aged 96. He was one of the most prolific inventors in the world, with more than 1,100 patents to his name; his innovations ranged from the plastic wall plug to a line of best-selling toys. In 1948, he founded his own company Fischerwerke and, a decade later, came up with his biggest financial success: the Fischer wall plug. Around 14 million wall plugs are now produced around the world every day. In 2014, Artur received the European Inventor Award for lifetime achievement.
Family business growth accelerators in Europe

The popular myth about family businesses is that they only grow slowly, over a long period. Our family business growth accelerators confound this myth by showing that family businesses have not only sustained growth but accelerated it too.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Rank in the Global Family Business Index</th>
<th>Headquarters</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>95</td>
<td>Amsterdam, Netherlands</td>
<td>Altice NV</td>
</tr>
<tr>
<td>2</td>
<td>176</td>
<td>Baar, Switzerland</td>
<td>Sika AG</td>
</tr>
<tr>
<td>3</td>
<td>372</td>
<td>Paris, France</td>
<td>Magasins Galeries Lafayette</td>
</tr>
<tr>
<td>4</td>
<td>464</td>
<td>Brabrand, Denmark</td>
<td>Jysk Holding A/S</td>
</tr>
<tr>
<td>5</td>
<td>175</td>
<td>Burgwedel, Germany</td>
<td>Dirk Rossmann GmbH</td>
</tr>
<tr>
<td>6</td>
<td>197</td>
<td>Istanbul, Turkey</td>
<td>Anadolu Group</td>
</tr>
<tr>
<td>7</td>
<td>445</td>
<td>Bruchsal, Germany</td>
<td>SEW-Eurodrive GmbH &amp; Co KG</td>
</tr>
<tr>
<td>8</td>
<td>300</td>
<td>London, UK</td>
<td>Bestway Group</td>
</tr>
<tr>
<td>9</td>
<td>308</td>
<td>Dreieich, Germany</td>
<td>MHK Group AG</td>
</tr>
<tr>
<td>10</td>
<td>223</td>
<td>Luxembourg</td>
<td>Unternehmensgruppe Theo Müller Secs</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business; Factiva; OneSource; CapitalIQ; PrivCo.
## Fastest-Growing Family Businesses

Between 2012 and 2015, the top 10 fastest-growing family businesses... created 127,300 new jobs... and realized additional revenues of US$32.7b.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1.8</td>
<td>15.8</td>
<td>196.7</td>
<td>4,220</td>
<td>37,506</td>
<td>Drahi; 57.9%</td>
<td>2001</td>
</tr>
<tr>
<td>5.5</td>
<td>8.9</td>
<td>27.2</td>
<td>16,293</td>
<td>7,223</td>
<td>Burkard-Schenker; 52.9%</td>
<td>1910</td>
</tr>
<tr>
<td>2.6</td>
<td>4.1</td>
<td>25.5</td>
<td>12,744</td>
<td>14,000</td>
<td>Moulin; 100.0%</td>
<td>1894</td>
</tr>
<tr>
<td>2.3</td>
<td>3.3</td>
<td>21.1</td>
<td>7,734</td>
<td>21,000</td>
<td>Brunsborg; &gt;50.0%</td>
<td>1979</td>
</tr>
<tr>
<td>5.1</td>
<td>8.9</td>
<td>20.4</td>
<td>21,176</td>
<td>47,400</td>
<td>Rossmann; 60.0%</td>
<td>1972</td>
</tr>
<tr>
<td>5.7</td>
<td>8.0</td>
<td>18.5</td>
<td>29,000</td>
<td>50,000</td>
<td>Yazici and Özilhan; 100.0%</td>
<td>1950</td>
</tr>
<tr>
<td>2.5</td>
<td>3.4</td>
<td>17.2</td>
<td>15,000</td>
<td>15,000</td>
<td>Blickle; 94.9%</td>
<td>1931</td>
</tr>
<tr>
<td>3.2</td>
<td>5.2</td>
<td>17.1</td>
<td>4,777</td>
<td>22,556</td>
<td>Prevez; 70.0%</td>
<td>1963</td>
</tr>
<tr>
<td>3.7</td>
<td>5.0</td>
<td>16.2</td>
<td>390</td>
<td>455</td>
<td>Strothoff; 100.0%</td>
<td>1980</td>
</tr>
<tr>
<td>4.6</td>
<td>7.1</td>
<td>15.2</td>
<td>21,000</td>
<td>27,000</td>
<td>Müller; 100.0%</td>
<td>1896</td>
</tr>
</tbody>
</table>

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. *Compound annual growth rate.
Friedrich Santner
Anton Paar GmbH

Anton Paar makes some of the most technologically advanced measuring devices in the world. The Graz-based company is also a fourth-generation family business with a unique foundation ownership structure. This ensures Anton Paar is strongly linked to all its stakeholders. The structure underpins the company’s commitment to R&D, which gives Anton Paar its advantage in a highly competitive industry.
“The structure of the foundation makes it possible for family members in executive positions to decide, manage and control. But the company belongs to itself.”

Friedrich Santner,
CEO, Anton Paar GmbH
Anton Paar is a fourth-generation family business that is not owned by the family. Instead, the Austrian maker of precision measuring instruments is owned by a charitable foundation. According to CEO Friedrich Santner, a member of the family behind the company: “The ownership of the business does not belong to the family anymore. The structure of the foundation makes it possible for family members in executive positions to decide, manage and control. But the company belongs to itself.”

Today, Anton Paar employs around 2,500 people – in its Graz headquarters, and in its 30 subsidiaries and branch offices around the world. In 2015, Anton Paar made revenues of €264 million; that’s up an impressive 100% since 2010.

Anton Paar develops, produces and distributes measurement instruments for processes such as determining carbon dioxide levels or alcohol content. Devices are also produced to measure various parameters such as density and viscosity. “You meet our products every day, but you do not know it,” says Friedrich. “We are the world leaders in making devices for the quality control of beer, wine and spirits, and the measurement of sugar content in drinks such as Coca-Cola and Pepsi. And our flow behavior technology is essential for products such as toothpaste, chocolate and yoghurt. The reason toothpaste comes out like it does from a tube is because of our devices.”

Most of Anton Paar’s cutting-edge measuring devices are produced in an annual run of just 300 to 500 instruments a year. They take a lot of skilled engineering and time to design and make, so Anton Paar invests intensively in R&D.

Maintaining a competitive edge through R&D

Indeed, R&D is how Anton Paar maintains its competitive edge, says Friedrich. “It fuels our business and gives us our technological advantage.” The company spends 20% of its annual revenues on R&D, and this high level of spend is made possible by being a foundation-owned family business. “Under our foundation structure, the profits are mostly reinvested in the business; a part is for charitable projects according our statutes of the foundation,” says Friedrich. “There are no shareholders taking profits out of the company. Most listed businesses would not be allowed by their shareholders to invest so much of their revenues in R&D.”

R&D has always been a big part of the success of Anton Paar, even in the early days, but it is Friedrich who has given it even greater emphasis. Before he became CEO in 2003, much of the R&D was done by outside organizations such as universities.

The company was founded in 1922 by Anton Paar as a one-man machine repair workshop in the city of Graz in southern Austria.

Founded in 1922 by Anton Paar as a one-man machine repair workshop in the city of Graz in southern Austria, the company is a testament to the hard work and innovation of four generations.
“I transferred most of the R&D work into our company. My strategy was to insource rather than outsource. That means that, today, almost all of our products are developed in-house.”

For Friedrich, the foundation structure and Anton Paar’s commitment toward R&D define much of what he considers important for the company. “Growth is not important to us at all,” he says. “We are driven by the technological advances in our sector; we are also driven to create a place where people want to work.” Talent is nurtured through this structure, but also through what Friedrich calls a “lean hierarchy,” whereby most decisions are made at the very lowest level. “Decentralization gives a lot of responsibility to our employees,” adds Friedrich. “That works very well for Anton Paar.”

An unusual type of succession

The ownership structure at Anton Paar might be unusual, but so too is how succession has worked at the company. This was evident from the early days of the business, when Anton’s daughter Margarete Platzer trained to become, like her father, a master locksmith. In fact, she became the first female master locksmith in the Austrian state of Styria, where the company is based. Margarete’s talent for high-precision mechanics, combined with the knowledge of the eminent Austrian physicist Otto Kratky, formed the basis for the company’s first scientific, analytical instrument: the Kratky small angle x-ray camera. It is still the most widely used measuring system of its type today.

Margarete passed the running of the business over to the third generation through her son-in-law Ulrich Santner, an assistant professor at the local university. And, in 1963, Ulrich became Anton Paar’s new CEO. One of his achievements was to increase the company’s focus on exports; today, around 95% of revenues are generated by foreign sales.

Succession to the fourth generation was also through the son-in-law route. Such a process, especially if it happens twice in one company, is unusual for family businesses in the West. But son-in-law succession is much more common in Japan,
Today, the headquarters in Graz, Austria, employs more than 2,200 people and has more than 25 sales subsidiaries worldwide.

The state-of-the-art manufacturing facility develops, produces and distributes highly accurate laboratory instruments.

Anton Paar GmbH is the world leader in the measurement of density, concentration and carbon dioxide.
“R&D fuels our business and gives us our technological advantage.”

Friedrich Santner

where it often involves mukoyoshi or adult adoption; a family business with no suitable male heir welcomes the husband of a daughter into the family, and he takes their surname. Friedrich followed this traditional principle at Anton Paar, taking on not only the leadership of the business but also the surname of its owners: Santner.

Friedrich’s wife Maria Santner is very much part of the business as well. She joined the company in 2004 and is in charge of Anton Paar’s administration side, as well as a board member of the foundation. The fifth generation is represented by Maria and Friedrich’s four children, all of whom work at Anton Paar. And, because Anton Paar has an employee kindergarten connected to the company’s headquarters, four members of the sixth generation are already linked to the business by attending the kindergarten. “There are effectively four generations under one roof,” says Friedrich, whose father-in-law is still a member of the foundation’s board.

Giving back to the community

Under Friedrich’s leadership, the foundation structure was set up in 2003. The proceeds from the company that go into the foundation are only allowed to be used for charitable purposes. This enables Anton Paar to work with one of its main stakeholders, the local community. Every year, the foundation invests around €350,000 in a charity called Offline, which works with people who are dealing with alcohol and drug addiction, with the overriding aim of prevention.

Anton Paar is an exemplary case of a family business that has prospered not just through its efforts to stay ahead of the technology curve but also because of its progressive family and company governance structures. These factors have created a legacy that will long be a defining aspect of Anton Paar, as the fifth and sixth generations take on more responsibility and the business continues to prosper in the years ahead.

Friedrich Santner
CEO

<table>
<thead>
<tr>
<th>Company name</th>
<th>Anton Paar GmbH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generations</td>
<td>Fourth and fifth</td>
</tr>
<tr>
<td>Founded</td>
<td>1922 in Graz, Austria</td>
</tr>
<tr>
<td>Industries</td>
<td>Measurement business, subcontracting business and sports</td>
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<tr>
<td>Employees (2016)</td>
<td>2,452</td>
</tr>
<tr>
<td>Revenue (2016)</td>
<td>€282m</td>
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</tbody>
</table>
Guido Vanherpe
La Lorraine Bakery Group

La Lorraine Bakery Group is one of Europe’s biggest bakery companies. Supplying more than 2,300 supermarkets in its home country of Belgium, La Lorraine is also the number one frozen bakery company in Eastern Europe. Guido Vanherpe is La Lorraine’s CEO and a member of the third generation of the family to run the company. Under his guidance, La Lorraine has prospered. Indeed, it is one of the fastest-growing bakery groups in Europe, thanks to an ongoing commitment to entrepreneurship at all levels of the business, as well as exceptional governance structures.
“We do not make a distinction between non-family and family employees.”

Guido Vanherpe,
CEO and member of the Board of Directors, La Lorraine Bakery Group
La Lorraine Bakery Group supplies more than 2,300 supermarkets across Belgium with freshly baked bread and other products virtually every day of the year. That, along with its frozen bakery business and separately branded stores, makes it one of the biggest bakery businesses in Europe. Behind its success is a third generation-controlled and – managed family business that started life 78 years ago in the Belgian city of Ghent.

La Lorraine employs around 3,500 people in its three main divisions: Bakery Fresh, which bakes bread and pastries predominantly for the Belgian market; Bakery Frozen, which is one of the biggest frozen bakery product groups in Europe; and Bakery Store Concepts, which runs separately branded stores such as Panos and Deliway. La Lorraine also runs Brabomills, one of the biggest flour producers in Belgium. In 2016, La Lorraine notched up revenues of €680 million after Guido Vanherpe, who has been La Lorraine's CEO since 1995 and represents the third generation of the Vanherpe family, which owns the group, leads the company. Guido has led much of the international expansion of the business, particularly La Lorraine's growth in Eastern Europe. He has also led the implementation of the strong governance structures that underpin one of Belgium's most dynamic family businesses.

The miller's tale

Guido's grandfather Gerard Vanherpe set up a flour mill in 1939 called Ganda Mills, and managed to become an important regional miller despite the difficulty of the war years in Europe until 1945. The second generation joined the family business in the early 1960s in the form of brothers Johan and Erik, who went on to look for diversification into the bakery business. But the big push into bakery came a decade later with the acquisition of the industrial bakery group La Lorraine. It had been a big customer of the Vanherpe's mill for years and, for the family, the opportunity to acquire the group was too good to turn down. Through the vision and hard work of the second generation, La Lorraine's bakery company soon became the main part of the family's
business. The third generation entered the business in the early 1990s when Guido joined, followed by his cousin Anthony and brother Marc a few years later.

Under Guido’s direction, the milling and the baking businesses were consolidated under the name “La Lorraine Bakery Group” in 2006. A few years later, La Lorraine Bakery Group made a number of acquisitions and continued its expansion into Eastern and Central Europe.

Robust structures

La Lorraine’s strength as a business is underpinned by robust family and corporate governance structures that have evolved over the three generations of the family, but especially under Guido’s guidance. At the head of this structure is the board of directors, which oversees the strategic path of the business. It comprises four family members, each representing a branch of the family that owns the business. Two independent non-family members also sit on the board, including Chairman Luc Van Nevel. A management board runs the business on a daily basis, and is comprised mainly of non-family members and Guido.

A family council was set up around 10 years ago and is represented by the same four shareholding branches of the family. It discusses, says Guido, a broad range of topics, which include plans for the next generation, training and education. Further family coordination is achieved through a family forum, which is attended by all the members of the third generation and discusses broader issues around the family’s interaction with the business. A family charter was also created about 10 years ago, and it helps to define how the next generation should engage with the family business. For example, it states that next-generation members hoping to come into the business must have a university degree, five years’ experience outside of the business with a reputable company and proven leadership skills. Another rule is that family members can only join the family business in senior or leadership roles. Family members wanting to join the business will also need approval from the board of directors, including the independent non-family board members.

Guido says the structure creates the rules but a culture sets the tone of the family business, and at the heart of this is the equal treatment of all employees. “We do not make a distinction between non-family and family.” Of course, getting buy-in from all the employees is easy when a company has a growth rate such as La Lorraine’s. But how does a 100%-owned family business avoid the glass ceiling, or at least mitigate it, for senior non-family management? Guido says that, beyond the appeal of the company and its commitment to long-term growth, senior management is also incentivized by a stock option plan. This is based on an annual valuation of the business and the achievement of well-defined performance targets.
La Lorraine Bakery Group has 12 modern production sites in 4 countries, a sales structure in 25 European countries and a close-knit European logistic network.

The Vanherpe family gathered at the Family Business Award of Excellence ceremony in December 2016, where they were rewarded for authenticity, passion and entrepreneurship.

La Lorraine Bakery Group Cycling Event 2016: the complete management team setting the example. The company treated about 200 members of staff to a sports weekend in Italy, where they accepted the challenge to cycle up the Stelvio to more than 2,000 meters altitude.
“Growth is not just about becoming bigger. Instead, it is mostly about becoming a better company.”
Guido Vanherpe

goals. And Guido believes that a private company stock plan such as La Lorraine’s works better than the stock options of a listed business. “Our plan is linked to the intrinsic value of the business which, for a listed business, is less the case, as the value of the business is subject to the vagaries of the market.”

Guido says that innovation remains at the heart of La Lorraine and continues to be fostered at all levels of the business: “Entrepreneurship and innovation are synonymous. You don’t have one without the other.” He says this attitude has been nurtured over generations and has become a central part of the DNA of the company: “The important thing to know about entrepreneurship in business is not to lose it. Once you lose it, entrepreneurship is extremely difficult to regain. We have to do everything to keep it.”

Guido has a very strong belief in organic growth as a driver of entrepreneurship. “If acquisitions become the main strategy of growth, they are likely to destroy entrepreneurship.” This attitude extends to the concept of growth at La Lorraine. Guido tells his staff that growth is not just about becoming bigger: “Instead, it is mostly about becoming a better company.”

Over three generations, the Vanherpe family has created a thriving business that employs thousands of people across Europe. This has been done by a constant belief in the importance of nurturing entrepreneurship, and is underpinned today by a highly professional family corporate governance structure. These values and structures, based on strong foundations, should stay with La Lorraine as the family business gradually moves into the fourth generation of ownership and beyond.

Under Guido Vanherpe’s direction, the milling and the baking businesses were consolidated under the name “La Lorraine Bakery Group” in 2006.

| Guido Vanherpe |
| CEO and member of the Board of Directors |
| Company name: La Lorraine Bakery Group |
| Generation: Third |
| Founded: 1939 in Ghent, Belgium |
| Industries: Bakery and milling |
| Employees (2016): 3,500 |
| Revenue (2016): €680m |
Jørgen Mads Clausen
Danfoss

Denmark has its fair share of famous family businesses, but few stand out as prominently as the engineering group Danfoss. Founded in 1933, Danfoss today is one of the country’s most successful businesses, with its products sold across the globe. Chaired by second-generation family member Jørgen Mads Clausen, Danfoss is owned by the Clausen family through a foundation structure, which is also the focus of the family’s impressive philanthropic efforts. The ownership structure was designed to put the business first, and it continues to work extremely well more than 45 years since it was put in place.
“If we are to survive as a family business, we have to be as professional as a listed business.”

Jørgen Mads Clausen, Chairman of the Board, Danfoss
Many great businesses start from a spare bedroom in an entrepreneur’s house. But few stay in that room for more than a few years after the business gets going. Not so Danfoss, the Danish engineering company. From 1933, when Mads Clausen founded the business, until 1962, when Danfoss was very well established and employing 5,000 people, the attic in Mads’s parents’ farm was the center of the company’s headquarters. Those 29 years in the attic say a lot about Danfoss’s very strong links to the community where it all started. Even today, the farmhouse and its attic play a central role for Danfoss – as the company’s museum.

Danfoss is now one of Denmark’s biggest and most successful businesses. In 2016, the engineering giant had sales worth €5.3 billion. Based in the town of Nordborg on the island of Als in southern Denmark, and not too far away from the farmhouse where it all began, Danfoss employs about 24,000 people around the globe. The Danish company is perhaps most famous for its radiator heating valves, which adorn most of the world’s central heating systems. “We have made more than 500 million heating valves,” says Jørgen Mads Clausen, Chairman of Danfoss and the eldest son of Mads. “They are on practically every radiator in the world.” Danfoss makes valves and components for many other products, including refrigerators and air conditioning units. It is also prominent in solar and wind power, and provides heating and cooling systems on a mass scale for urban areas across the world. In fact, it is at the top of the game when it comes to energy-efficient and climate-friendly technologies.

Danfoss is also very much a family business. Set up by Mads Clausen, the business passed to his wife Bitten and their five children when he died in 1966. Six years later, Bitten set up the Bitten and Mads Clausen Foundation, which effectively controls the business through holding 85% of the voting rights in the company. Another 14% of voting shares are held separately by family members, which means that the family controls 99% of the voting shares in the business. Mads’s and Bitten’s eldest son Jørgen Mads Clausen took over the management of Danfoss in 1996, and he remains Chairman today. There are nine members of the third generation, several of whom now work for Danfoss.

Set up by Mads Clausen, the business passed to his wife Bitten and their five children when he died in 1966. Mads’s and Bitten’s eldest son Jørgen Mads Clausen took over the management of Danfoss in 1996, and he remains Chairman today.
Success from year one

The story of Danfoss’s rise to success is one of Denmark’s greatest corporate tales. Behind it all stands the colossal entrepreneurial figure of Mads Clausen. Born into a family of farmers, Mads had little time for agriculture. “He found it boring,” says his son Jørgen. Instead, he trained as a mechanical engineer and, in 1932, got a job manufacturing refrigerators. “Refrigerators back then were like the mobile phones of today,” says Jørgen. “Everyone wanted one, and they were cutting-edge technology.”

Mads soon started designing his own refrigerator valves, his invention arising partly from necessity, for it was back in the early 1930s when the Great Depression was at its fiercest. Jørgen says that every country wanted to export and no one wanted to import goods, so the reliance on making products locally grew apace. Mads was not just good at making refrigerator valves, he also had a niggling entrepreneurial urge to do it all himself. So he quit working for someone else and set up the business in his parent’s farmhouse. Success was pretty much instantaneous. In his first year of operations, Mads sold 466 refrigerator valves. The following year, sales quadrupled. The business flourished and, soon, Mads moved into other areas, such as the now world-famous Danfoss heating valves.

After World War II, Danfoss continued to expand and, in 1952 and 1953, the number of employees tripled to 2,000. “At the time, there were no organizational charts. So if you asked a member of the staff who was their boss, all of them would say my father.” That very flat hierarchical structure at Danfoss remains a feature of the business today.

After Mads’s death, Bitten took over and appointed Danfoss’s non-family Finance Director as its new President. Jørgen, who trained as an electronics engineer, came into the business in 1981 as Research Director and gained a seat on the executive committee 10 years later. In 1996, Jørgen became CEO of Danfoss and expanded the company’s international operations, particularly in Eastern Europe and China. “When I became CEO, the pioneering product: the expansion valve was the very first Danfoss product, which founder Mads Clausen developed in the early 1930s. Today, the fifth generation of the valve is sold around the globe.
Jørgen Mads Clausen takes time out with his wife Anette.

In 1996, Jørgen became CEO of Danfoss and expanded the company’s international operations, particularly in Eastern Europe and China.

The headquarters of Danfoss Drives is in Grasten, Denmark.

Based in the town of Nordborg on the island of Als in southern Denmark, and not too far away from the farmhouse where it all began, Danfoss has its global headquarters.
we had zero employees in China. Today, we have 4,000,” says Jørgen. Another of Jørgen’s big achievements is delivering on his insistence that Danfoss should be number one, or at least number two, in all its product ranges. “Today, we have pretty much achieved that goal in most of our relevant markets. To be number one is not about prestige or ego. It is about being number one to get the cheapest component prices from our suppliers.”

In 2008, at the age of just 60, Jørgen stepped down as CEO and appointed non-family member Niels Christiansen to replace him. Why so soon? “I thought it was time to step down,” says Jørgen. “I had this fantastic man (Christiansen) here and, if I did not offer him the top job, he might have left.” Since the appointment of a non-family CEO shortly after Mads’s death, the family owners have always been pretty happy with outsiders running the business. Christiansen represents the fourth non-family CEO. “If we are to survive as a family business, we have to be as professional as a listed business,” says Jørgen. “And, of course, there are sometimes advantages in being a family business, so we should use these as well.”

The man on the moon

Danfoss’s success has been determined to a large extent by the innovation of two generations of the Clausen family and its great non-family professionals. But how does a multibillion-euro business, which is now more than 80 years old, continue to be innovative? Jørgen says that innovation at Danfoss is a bit chicken-and-egg in its interpretation — first you need the technology, then you get the innovation. “There is a difference between innovation and technology. In my opinion, it is about having the technology to innovate.”

He also talks about the idea of promoting the concept of “the man on the moon” within the entrepreneurial culture of the company. “This is the idea that we should have some product ideas that are not just about being a bit better than yesterday’s products, but should be more like putting a man on the moon.”

Innovation led to the first moon landing, but how they got there was also due to meticulous planning. “Innovation should be risky, but not too risky,” he adds. “It is alright to come with wild ideas, but they should be feasible.” This encourages good innovation, which can be translated into products and services customers want, says Jørgen.

Clearly, innovation is at the heart of Danfoss’s engineering ethos. Equally, innovation as a family business has been a strong feature of the company, particularly through its foundation ownership structure. This has created a business very much at ease with itself as it progresses toward the time when the third generation of the Clausen family takes more control. No doubt, Mads and Bitten Clausen would be proud of all those achievements if they were to see the business today.
Zachary and Vesa Mäenpää
Tammer-Tukku

When it comes to consumer goods, there’s little that Tammer-Tukku doesn’t know. With its premier 7,000-square-meter showroom in Finland, the company displays more than 15,000 products. It is also a family business, which is now managed by the third generation of the Mäenpää family. Very much an established brand in Finland and beyond, Tammer-Tukku has navigated the often fickle world of consumer taste and demand through good and bad times for more than 60 years.
“The family engagement with the business has been made easier because of the small number of shareholders.”

Zachary Mäenpää, 
CEO, Tammer-Tukku
Tammer-Tukku’s main showroom is a 7,000-square-meter large building with more than 15,000 products under one roof. There are few things any consumer could wish for that they can’t find there. Tammer-Tukku is a family business – indeed, one of the finest and most resilient in Finland – and it is under the management of the third generation of the Mäenpää family.

Tammer-Tukku employs around 200 people, but only 75 in its distribution center, which is a testament to the role automation plays in such a state-of-the-art company.

Zachary Mäenpää, CEO of the business and a third-generation member of the family that owns the firm, says Tammer-Tukku is a consumer goods business with four major parts. “We have our house brands, and we also distribute well-known international brands. We also have a private label business for our customers.” The company’s brands include the Mustang barbecue grill range, Rento Sauna collection and Maku Kitchen Life assortment, and it is also the Finnish distributor for the big American toy company Hasbro. Beyond its local markets, Tammer-Tukku exports to more than 20 countries, and around 22% of its earnings come from abroad.

Tammer-Tukku has a 30,000-square-meter warehouse, where it handles more than 5,000 containers annually.
Like many successful businesses, Tammer-Tukku’s beginnings were very humble. Aulis Mäenpää, Zachary’s grandfather, started the company in 1954. “He purchased items from local distributors and then sold them from his bike while cycling around the Tampere district,” says Zachary. But that simple formula proved successful and the business grew into a sizeable consumer products company, driven by Aulis and his two sons – Rauno, Zachary’s father, and Reijo Mäenpää, his uncle. In the 1970s, Tammer-Tukku was one of the first Northern European businesses to start importing goods from China, which has proved to be a lucrative relationship ever since.

But family businesses that have been around for a few years rarely experience a smooth upward growth trajectory – hiccups are usually encountered along the way. And Tammer-Tukku’s big hiccup was in the mid-1990s, when a slowdown in the Finnish economy hurt the business tremendously. “We came close to bankruptcy,” says Zachary. In fact, the company’s bank told Rauno and Reijo that the only option the business had, given the perilous state of its finances, was to give up. “But neither of them would sign the bank’s bankruptcy document,” says Zachary. Tammer-Tukku pulled through because of the belief and steadfastness of the second generation, but also because of the loyalty of the company’s stakeholders. “Thanks to our loyal customers and key suppliers, we were able to survive and eventually thrive again,” says Zachary.

The engagement of the third generation in the business was, in some ways, very typical of how the next generation often comes into family businesses – it happened at a very early age. “From the age of seven, I started working in the business,” says Vesa Mäenpää, who is Tammer-Tukku’s current Commercial Director. “Back then, I was cleaning the warehouse. And, pretty much from then until I took a full-time job at the family business, I was working evenings and weekends for the company.” Currently, along with Zachary and Vesa, there are four other members of the third generation working for Tammer-Tukku.
Tammer-Tukku’s brands include the Mustang barbecue grill range, Rento Sauna collection and Maku Kitchen Life assortment. It is also the Finnish distributor for the big American toy company Hasbro.
“From the age of seven, I started working in the business. Back then, I was cleaning the warehouse. And, pretty much from then until I took a full-time job at the family business, I was working evenings and weekends for the company.”

Vesa Mäenpää

Vesa’s father Reijo, who was the previous CEO, now sits on the board of directors and still plays an active role in directing the business. “But he is gradually allowing the third generation to run more of the business,” says Zachary.

Family harmony

The board of directors is made up of a non-family chairman, three other non-family directors and three members of the family, including Zachary’s two siblings Crispin and Tara. Deputy board members include Vesa, his brother Ville and cousin Peter. The family owns 100% of the business, and the shares are split between seven family members. A shareholders’ agreement provides another level of family governance and defines procedures on how family members wanting to work for the business can do so. It also defines what happens if a family member wants to sell their shares in the business. If this happens, the family must be given first refusal. “The family engagement with the business has been made easier because of the small number of shareholders, but once that number increases, i.e., with the fourth generation, it will be up to them to bring in new procedures to deal with any potential conflict,” says Zachary.

Innovation for a consumer products company such as Tammer-Tukku is top of the list of priorities and always has been. “At any one time, we are selling at least 15,000 different items,” says Zachary. But what is so extraordinary for the business is that around half of those products change every year: “So we are constantly looking for new items.” That means a lot of trips abroad, and a lot of product testing and reviews. “Often, backing a product takes a considerable amount of entrepreneurial risk-taking because, if it does not sell, it will hurt Tammer-Tukku’s bottom line,” says Zachary. But having such an extensive distribution platform means many product manufacturers approach them.

Zachary says the difficult times the business went through in the 1990s provided a big learning experience for the family. “We have built on those lessons to make a more robust business.” There is no doubt about that, given the success of the business today. And, as the third generation takes the business forward in the years ahead, the legacy of two previous generations will no doubt help to guide them. Family businesses such as Tammer-Tukku are the backbone of economies like Finland’s; and, indeed, of all the economies around the world where family businesses thrive.

Zachary Mäenpää
CEO
Vesa Mäenpää
Commercial Director

Company name: Tammer-Tukku
Generation: Third
Founded: 1954 in Tampere, Finland
Industry: Consumer goods
Employees (2016): 200
Revenue (2016): €89.5m
The LDC Group is one of Europe’s biggest poultry companies, employing more than 18,000 people. It is also a family business. In fact, a multifamily business, as it is owned by four families. Denis Lambert, second-generation family member and Chairman and CEO of LDC, has been pivotal to its success. Since he joined the business in the early 1980s, Denis has overseen tremendous growth. A great believer in the family business tradition, Denis says a big part of LDC’s success is its adherence to stakeholder values.
“Employees want to see family members involved. This reassures them and ultimately motivates them.”

Denis Lambert, Chairman and CEO, The LDC Group
If there is one sporting achievement that could best describe running a family business, perhaps it would be the marathon. Both are about the long term, and both can be excruciatingly difficult and hugely rewarding in equal measure. Indeed, they are both about endurance.

Denis Lambert might appreciate the analogy. He is the Chairman and CEO of a family business called the LDC Group. He also runs marathons. Denis has been running one marathon a year for the past 20 years. And, during much of that time, he has also been LDC’s top manager.

As CEO, Denis has overseen a big expansion in LDC, not only as a business but also as a family business, as the number of family members involved in the company has increased. As a successful business, the numbers speak for themselves. Today, LDC employs more than 18,000 people, works across 75 production sites in France, Spain and Poland, and, in 2015, had revenues of €3.5 billion.

LDC, which also comprises a large food convenience business, is behind well-known French poultry brands such as Loué, Le Gaulois and Maître Coq. With the acquisition of the MARIE company in 2009, LDC’s convenience division is now one of the most recognizable brands in the fresh and frozen convenience range in France. LDC’s Tradition d’Asie brand is also well established in the exotic speciality segment, and its Regalette brand is known for crêpe and ice cream products.

Chicken run

The story of LDC is one of hard work, innovation and cooperation between families to facilitate the success of the business. Denis’s family, the Lamberts, are the biggest shareholders in the group, and their association with poultry goes back at least three generations. Denis’s grandfather established a poultry slaughterhouse after World War II in the town of Sablé-sur-Sarthe in the Loire region of France. He went into business with his son Rémy Lambert. A few years later, Rémy tragically died a few years after Denis joined the business in 1981. In the early 1980s, although successful, LDC had only one location and generated revenues of €70 million. Things were about to change under Denis’s leadership. Gérard
Chancereul became LDC’s Chairman after Rémy’s death, and he appointed Denis as Commercial Director. Denis soon proved his mettle and moved rapidly up the company’s chain of command as the business grew through a series of his initiatives. He was appointed Head of Marketing in 1990 and, 12 years later, became CEO.

During this period, through mergers and acquisitions, two other families joined LDC. In 1989, the Guillet family reinforced LDC’s activities by giving it access to complementary geographical areas in the Loire region. And, in 2001, the arrival of the Huttepain family enabled the LDC Group to acquire an upstream division and a presence in integrated poultry, animal feed and egg production. Today, the company’s shareholding is split between the four families.

Satisfying all shareholders

The challenge of incorporating and satisfying all the shareholders has always been uppermost in the corporate and family governance structures at LDC, which have evolved with the successive integration of the four families. Today, these families have 48 descendants, of whom 8 work at the company. Each family has two representatives on the supervisory board, which is chaired by Gérard Chancereul.

The supervisory board also has three outside members. Denis chairs the executive board, which is involved in the day-to-day running of the business.

 Asked what it means to be a family business, Denis says the answer lies in satisfying all stakeholders. “First and foremost, it involves setting an example. Employees want to see family members involved. This reassures them and ultimately motivates them. All the shareholders are operational. As such, they have the same objectives as the employees. They are not disconnected from the company’s day-to-day operations.”
Groupe LDC’s poultry division supports more than 1,400 farmers all around the country.

LDC’s company headquarters is still in Sablé-sur-Sarthe.

Families and employees gathered to celebrate LDC’s 40th anniversary.
“‘Growth without losing identity!’ The company’s family character often comes to the fore when it comes to growing the business.”

Denis Lambert

That trust between the family shareholders and LDC’s employees lies behind the continuing success of the business. Denis’s own motto “Growth without losing identity!” helps to define the values of the company as it strives for growth. “The company’s family character often comes to the fore when it comes to growing the business,” says Denis. “LDC succeeds by developing its processes – it takes time to observe and learn from the existing processes to build something better.”

Denis encourages a very hands-on approach to managing the business, which helps to promote stakeholder value. He is known for his direct approach and accessibility to all employees; something he learned from his father, who was also known for his down-to-earth style of management. Despite the size of its workforce, says Denis, LDC is decentralized, with autonomous subsidiaries pursuing their own projects. “These projects are supported by a family member who facilitates their implementation,” says Denis. “This also enables the right decisions to be made quickly.”

In order to facilitate these practices, LDC has set up a management campus to train and support the company’s top 100 managers. The aim is to acquaint them with the company’s special features – such as its decentralized management practices and family business ethos – over a three-year period. A group comprising the top 20 managers has also been set up to raise succession issues and to reflect on the future organizational structure of the business.

Denis says innovation is in the company’s genes. As proof of this, around 30% of LDC’s turnover is generated by products that did not exist five years ago. LDC’s innovative efforts are helped by an R&D team of 100, which is backed by 1% of company revenues earmarked for these efforts every year.

When it comes to Denis’s successor, the four family shareholders will no doubt have much to ponder. Will one of Denis’s five children take over from him, or will a member of one of the other families take the top position? Indeed, maybe that position will be taken by a non-family member, given the emphasis the business places on training non-family managers. Whatever the outcome, LDC’s values and culture will prevail for years to come – as enduring as any marathon.

Denis Lambert
Chairman and CEO

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Bernhard Simon
Dachser

Dachser is one of Europe’s biggest logistics companies. Now in its 87th year, the German company has flourished as a 100% family-owned business. Under the leadership of third-generation family member Bernhard Simon, Dachser has always placed innovation at the heart of its business and has been one of the fastest adopters of new technology in its sector. Dachser also has an exemplary governance structure, which underpins its sustainability as a family business.
“When you are born into a family that owns a business, the company is always at the lunch and dinner table.”

Bernhard Simon,
CEO, Dachser
When a logistics company makes more than 78 million shipments a year, weighing in at more than 37 million tons, it is very much a global corporate powerhouse. Germany’s Dachser Group is just that – and all under the ownership of the descendants of the founder, Thomas Dachser. Set up in 1930 in the southern German town of Kempten, where it is still headquartered today, Dachser is big. The company employs more than 26,500 people at 428 locations worldwide. It has offices in 43 countries and, in 2015, it had revenues of €5.6 billion.

Dachser’s business includes shipping logistics for distribution and procurement, warehousing and customized value-added services. Its logistics business has two business fields: road logistics, which is involved in the transport of industrial goods; and food logistics. The second pillar of the company, Dachser Air & Sea Logistics, operates in global markets, providing air and sea freight services. Dachser also provides the management of global supply chains through its sophisticated in-house IT platforms.

Dachser might be big today but, like most family businesses, it started very small. Thomas Dachser began with just one truck and his own labor in a very rural, and what was then very poor, part of Germany. He transported cheese to the industrial regions of Germany, and brought back machinery and industry goods for local companies. But, through hard work, commitment and innovation, by 1938, Dachser had become the leading freight-forwarding company in the Kempten region.

The post-war boom

During World War II, Thomas Dachser had to make do without most of his employees and trucks, which had either been drafted or seized by the authorities. With a lot of effort and investments, he built up road transport again after the war, along with office buildings and warehouses, and established new branch offices in 1951. Dachser’s first air freight office was opened at Munich airport. Dachser grew rapidly in the post-war boom years in Germany and, in 1967, the company introduced its commitment to “transport with guaranteed deadlines,” which helped to revolutionize its logistics business.

Dachser passed to the second generation with the death of Thomas Dachser in 1979. His two daughters took over their father’s shares in the company, preserving the continuity of the family business. During the 1980s, improvements in productivity and efficiency were facilitated by Dachser’s big investments in IT applications, and, in 1982, the company launched its food logistics business.

Seven years later, Thomas Dachser’s grandchild Bernhard Simon joined the family business as Project Manager for the European freight services. Bernhard Simon has the family business in his blood. “When you are born into a family that
Dachser offers an extensive warehouse network with spaces for more than 1,968,083 euro pallets in its global branches in Europe, North Africa and China.

Dachser employs around 26,500 staff at 428 locations worldwide and is represented by subsidiaries in 43 countries.

owns a business, the company is always at the lunch and dinner table,” he says. Armed with a business degree and intimate knowledge of Dachser, Bernhard Simon rose fast through the ranks. In 2005, he was appointed Management Spokesman; by then, Dachser was a multibillion-euro business with operations around the world.

Company before family

Bernhard Simon not only stamped his authority on the business but also oversaw the implementation of a well-defined governance structure, which remains one of the defining aspects of Dachser as a family business today. The family shareholders believe in a very clear division of powers between the family and the business, which is often expressed by Bernhard Simon’s well-known quote: “Company before family.”

“The company will last well into the future only if the family itself stands behind the company in the long term,” says Bernhard Simon. “That is why it is so important to create structures, bylaws, contracts and governance rules that maintain the close relationship between continuity of ownership and that of the company.” One of those rules is that only one family member can have a long-term career in the company. Although family shareholders are encouraged to do internships at Dachser, “to taste the company,” a strict rule defines how the family can work in the business.

The dual board structure – a feature of many German family firms – further helps to define the family’s relationship with the business. At Dachser, the family shareholders elect a supervisory board, which consists of three external members and two members of the family. The supervisory board then
Dachser’s head office is located in Kempten, Germany. The company was founded in 1930 by Thomas Dachser.
“We promote entrepreneurial responsibility, and view ourselves as a learning organization that constantly reinvents itself as part of its business model.”

Bernhard Simon

appoints the executive board, which, at Dachser, comprises the CEO and three others. Bernhard Simon says the family’s responsibility is to make sure the supervisory board works professionally. “The executive board has the responsibility to move the company successfully forward in the market. Family members do not intervene in the day-to-day business of the company.”

The family’s relationship with Dachser is further defined by the family constitution, which sets out the rights, duties and tasks of the family shareholders. Within the family shareholders, there is one leader from the family who coordinates these efforts. The corporate constitution reinforces Dachser’s culture by establishing its commitment to long-term stability. This commitment is reinforced by Dachser’s financial strength, which enables it to make sustainable investments for the future.

Dachser’s clearly defined family and corporate governance structures help to ensure the smooth running of the company and its sustainability. But companies as successful as Dachser also need to keep innovating to stay competitive. And this is a big part of the company’s competitive strength, says Bernhard Simon. “When it comes to innovation, we involve all the people in the company. We want them to think about ideas that can ease their work and make others’ work easier as well. We promote entrepreneurial responsibility, and view ourselves as a learning organization that constantly reinvents itself as part of its business model.” He adds that Dachser’s decentralized and flat structure enables faster entrepreneurial decision-making.

Dachser’s early commitment to streamlining its business through the use of IT has meant the company has been a pioneer in the application of the latest technology to the logistics business. And this commitment to stay ahead of technological advances remains an important part of its continual innovation.

The robust corporate and family governance structures should enable Dachser to remain one of the most sustainable logistics businesses for many years to come. That is a testament to the three generations of family owners who have built up one of the finest examples of a family business anywhere in the world.

Bernhard Simon is CEO of Dachser. As grandson of the company’s founder Thomas Dachser, he represents the third generation at the helm of the company.

Bernhard Simon
CEO

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“Our success is in many ways due to our excellent teamwork as a business and our unique workplace atmosphere.”

Alessandro Barberis Canonico, CEO, Vitale Barberis Canonico
When it comes to the production of some of the finest textiles in the world, few companies do it better than Vitale Barberis Canonico. This might partly be down to the fact that the Italian woollen textile maker has been doing it for a very long time – in fact, since 1663. And, during all that time, it has been a family business. Now run by the 13th generation, with Alessandro Barberis Canonico at the helm, Vitale Barberis Canonico is a great example of how tradition and innovation can work together to create a 21st-century family business with roots in the 17th century.
Alessandro Barberis Canonico tells an intriguing story about the origins of his family business. When his family were doing renovation work on their house, they found some distinct holes in the foundations. “We were pretty certain they were dying wool in these holes, because there was a river running near them, essential for the dying process, and they were stained with the black from the dye. This was the first proof of our activities.”

Those activities were the making of textiles and Alessandro’s family business Vitale Barberis Canonico. The official date the company gives as its starting point is 1663, although the holes Alessandro talks about suggest his family’s link to textiles goes back even further. Whatever the actual date the family started in textiles, Vitale Barberis Canonico today runs one of the world’s most prestigious and successful woollen mills. In 2016, from its headquarters in the town of Pratrivero, about 50 miles north of Milan, Vitale Barberis Canonico made around 9.5 million meters of fabric; as Alessandro says, “That’s long enough to stretch from London to Beijing.” Last year, revenues for the company were €150 million and exports accounted for around 81% of those revenues. Altogether, Vitale Barberis Canonico employs 430 people, with most of them based in the company’s two mills in Pratrivero.

Tradition and innovation

Vitale Barberis Canonico is an exceptional example of a family business that combines its fabled traditions and history with the innovation and entrepreneurship of a forward-looking, 21st-century company. Its traditions are of course made up of its extraordinary history, but also its continual commitment to the region in which it has been based for more than 350 years. These traditions, combined with its longevity, saw Vitale Barberis Canonico become a member of the Henokiens, the prestigious Paris-based association of bicentenary family businesses. These are companies that have been continually operating and family owned for 200 years or more, and whose descendants are still involved in their management.

Yet, despite its extraordinary longevity, Vitale Barberis Canonico’s progress has not been without its challenges. In 1936, the business was split into three after disagreements among the many members of the 10th generation of the family. One of the new businesses emerging from the split was run by Alessandro’s grandfather Vitale Barberis Canonico, and his name became the brand name of the new company. After navigating the business through the difficult times of Mussolini’s Italy and World War II, Vitale oversaw strong growth in the 1950s and onward. He did this by moving the business...
more into high-end textile production and employing the state-of-the-art technology that has been Vitale Barberis Canonico’s trademark ever since. In the 1970s, the business passed to Vitale’s sons Alberto and Luciano – the 12th generation of the family business.

The two brothers use their respective skills – Alberto, the engineer, develops the technical side of the business while Luciano, the economist, develops international markets. In 2009, with the business in good health, Alberto and Luciano stepped down from day-to-day management and passed the business over to the 13th generation. Alessandro, Alberto’s son, became Managing Director. His cousins Francesco and Lucia also came into the business as Creative Director and CRM Manager respectively.

Governance simplicity

Alessandro says the family’s relationship with the business is steered through the board of directors. The board has six family members and three external members. “The origins of the business may go back to the 17th century, but Vitale Barberis Canonico is really a family business run by the third generation, going back to 1936,” says Alessandro. He says this defines the governance structure of the business, which relies on the board to define the relationship between the family and the business. “The next generation may be inclined to add further layers of governance,” he adds.

Nevertheless, a family business that has its roots in the 17th century inevitably has a very well-defined culture; one that is tied up with Vitale Barberis Canonico’s relationships with its stakeholders. The strong links to Pratrivero and its local region – Biellese Prealps, the heart of the textile-producing area of Italy – helps to instill very strong stakeholder values. But these values are also about the teamwork of all Vitale Barberis Canonico’s employees, says Alessandro. “Our success is in many ways due to our excellent teamwork as a business and our unique workplace atmosphere. All our employees are able to work synchronously on the same goals from different perspectives, and achieving them individually means making the company successful as a whole.”

On top of that, Vitale Barberis Canonico’s deep relations with its customers, including famous Italian fashion houses and many of the best tailors in London’s Savile Row, ensure loyalty. “The loyalty of our clients allows us to develop the best possible products for them, and no one else.” This helps to establish exclusivity and brand value for the company.

Every year, the company invests around €14 million in new technology, says Alessandro, which helps to secure its competitiveness. He adds that the skills of the company’s employees are very high. They have to be, given the relative cost of labor in Italy compared with cheaper textile-producing countries in Asia. But, beyond these factors, how does Vitale Barberis Canonico stay competitive? Alessandro says the
From left to right: Chiara and Luciano, members of the board and Alessandro’s cousin and uncle; Francesco, Creative Director and Alessandro’s cousin; Alessandro, CEO, and Daniela, member of the board and Alessandro’s aunt; Lucia, CRM Manager and Alessandro’s cousin; Alberto, Alessandro’s father and Vitale, founder of Vitale Barberis Canonico.

Pictured above, a special collection recovering the historical inheritance of Vitale Barberis Canonico in order to create a “cultural workshop” for new designers.
“All our employees are able to work synchronously on the same goals from different perspectives, and achieving them individually means making the company successful as a whole.”

Alessandro Barberis Canonico

All phases of wool processing are carried out in the historical buildings in Pratrivero in the Biellese Prealps, the heart of the textile-producing area.

Company adheres to three principles. The first is never to compromise on quality – all their products are made in Italy from the finest wool. The second is to have very short lead times in order to fulfill customer demand. And the last is a substantial investment in cutting-edge technology. Alessandro says his mills are among the most fully automated in the world. He summarizes all this as: “Invest in product and process.”

What about the next generation – the 14th? That is some way off. The oldest of the next generation is 13, and Alessandro’s son is just 12. But, with such a strong culture of business excellence built over an extraordinarily long period, the values and success of Vitale Barberis Canonico are pretty much assured for many years to come. Perhaps Alessandro’s distant antecedents will be relating the same stories about the fabled origins of the family business as he does today.

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<th>Alessandro Barberis Canonico</th>
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Jumbo, a Dutch supermarket chain, is one of the best known brands in the country. In the last eight years, the company has experienced very rapid growth and is now the second-biggest supermarket chain in the Netherlands. Currently run by third-generation members of the van Eerd family, Jumbo is also one of the country’s most successful family businesses. Its steadfast commitment to all its stakeholders and its continual efforts to innovate have played a big part in its achievements.
“The van Eerd family finds it very important to learn from others’ successes, not only other family businesses. We have a broad outlook.”

Frits van Eerd,
CEO, Jumbo
The big and bold, yellow and white Jumbo logo is a familiar sign in the Netherlands. That’s because Jumbo is one of the most prominent supermarket chains in the country and a regular part of Dutch people’s shopping experience. Jumbo is also one of the Netherlands’ biggest and most successful family businesses, and it is now controlled and owned by the third generation of the van Eerd family, with Frits van Eerd as its CEO, Colette Cloosterman-van Eerd as its CCO and Ton van Veen as its CFO.

Jumbo is based in the town of Veghel in the southern part of the Netherlands but, with 580 stores, it is well known throughout the country. In addition, customers can shop at Jumbo online and have their groceries delivered at home or to one of the 300 Pick Up Points. Jumbo also has three enormous food markets in Amsterdam, Veghel and Breda. Altogether, the group has around 65,000 employees.

In 2016, Jumbo accounted for approximately 19% of the country’s supermarket sales and revenues of €6.7 billion. This makes it one of the country’s biggest companies. It has consistently been named as the best supermarket chain in the Netherlands by market research groups. Jumbo’s food markets have also won worldwide accolades for the shopping experience they give their customers. They are among the finest food stores anywhere, according to retail experts.

Jumbo’s roots go back to 1921 when Johan van Eerdt founded a grocery wholesaler in Veghel. Johan’s great-nephew Karel van Eerd started the current supermarket chain in 1979, having been inspired by his travels in the US during the 1970s. He entered the family business at the age of just 18 and continues to play an active role today: he is currently Chairman of the Supervisory Board of Jumbo. His children – Frits, Colette and Monique – entered the business in the 1990s, and Frits became General Manager a few years later. They continued their father’s focus on growth and, in 2009, Jumbo bought the supermarket chain Super de Boer. Three years later, it acquired C1000, which gave the group a nationwide presence. The third generation came up with the now very well-known “seven guarantees” to Jumbo’s customers, which include quality, the lowest prices, money-back guarantees, and the quality...
During Jumbo’s annual store contest “Golden Jumbos,” 580 Jumbo stores compete for the coveted title of “Best Jumbo in The Netherlands.” The commitment and will of the stores to put together the best performance to win is truly inspiring.

Jumbo also puts the customer at the forefront of its efforts to be the best in the Netherlands. The supermarket chain operates in arguably the most competitive part of the retail sector, and customers’ brand loyalty can be fickle. “Based on the conviction that it can always be better, different and cheaper, we have the drive to make the impossible possible every day,” says the family. “So we need to continue where others stop. Therefore, we continually build an enterprising, solid and committed organization that focuses on the customer and is ready for the future. Thanks to our winning mentality and relentless focus on the customer, we want to be successful in every market segment in which we operate.”

Family business DNA

Jumbo believes that being a family business has been crucial to its success. “As a family business, we are able to act fast in a fast-moving sector,” says the family. “Because entrepreneurship is in our family DNA, we all have the ambition to drive growth every day. In retail, you have to move fast on new opportunities and act quickly when threats arise.”

The family also recognizes that it can learn from its peers. “We are in close contact with several other family businesses, and share our successes and challenges,” says the family. “Every family business has its own challenges, but we all value long-term relationships and successfully drive growth in order to be a family business 100 years from now. The van Eerd family finds it very important to learn from others’ successes, not only other family businesses. We have a broad outlook.”
Jumbo works every day – together with its employees and entrepreneurs – to exceed customer expectations.

Jumbo gives customers innovative products that integrate the latest food trends.

Jumbo works closely with its suppliers and product developers to produce a sustainable range of products.
“Our employees are our entrepreneurs, so we encourage entrepreneurship at every level and make sure that they have the ‘Jumbo DNA’ in order to enhance the quality of the Jumboriaan.”

Colette Cloosterman-van Eerd

And the van Eerd family believes that family businesses can be an example to the wider business community as well. “Family businesses act in a very different way – not always looking for a quick win, but looking for sustainable growth,” says the family. “They have more core values and, therefore, more sustainable relationships with employees, suppliers and customers. This has been a benefit during tough times. That is why family businesses are viewed as the backbone of the Dutch economy.”

Jumbo and the Van Eerd family are certainly part of that backbone, contributing hugely to the success of the Dutch economy. And, with the third generation committed to keeping the business family controlled, the van Eerd family’s strong values are likely to endure in the supermarket chain for many years to come. That is a testament to the values laid down by three generations of the family.

As a family business with a supermarket chain, the van Eerds feel a sense of responsibility for the world around them and for future generations.

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**Frits van Eerd**  
CEO

**Colette Cloosterman-van Eerd**  
CCO

**Ton van Veen**  
CFO

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Europe
North America
Latin America
Asia-Pacific

Award winners | Europe | Romania

Ovidiu Buluc
Farmexim

After more than 25 years of experiencing fully functional market economies, countries in Central Europe are beginning to create robust family businesses with second-generation involvement. One of those, and one that offers a great example to businesses throughout the region, is the Romanian-based pharmaceutical group Farmexim. Started by Ovidiu Buluc in 1990, Farmexim is today among the biggest pharmaceutical companies in Romania. It is also transitioning to second-generation ownership and control – with Ovidiu’s two daughters Isabelle and Alina moving up the ranks and taking key roles within the business.
“Sometimes, you need the vision, hard work and passion of a founder to take the business forward.”

Ovidiu Buluc, CEO, Farmexim
When Romania was moving from the command-type economy of Nicolae Ceaușescu’s notorious communist dictatorship to a market-based one, many new companies were set up. One of these was the pharmaceutical group Farmexim, founded in 1990, which not only survived the transition period but thrived – and is today one of the country’s most successful businesses. Still under the control of its founder Ovidiu Buluc, Farmexim is nevertheless very much a family business, with his two daughters Isabelle Iacob and Alina Barcaru in senior positions in the company.

Twenty-seven years after it was founded, Farmexim is one of the country’s biggest pharmaceutical groups, with revenues of €545 million in 2016. Besides the distributor, there are two other companies in the group: Help Net, a nationwide chain of pharmacy stores; and Green Net, an importer and distributor of cosmetic products and nutritional supplements, which includes a perfumery chain. The entire group employs around 2,500 people throughout Romania. Farmexim distributes its products through 12 big warehouse complexes that are spread across the country. “This makes it possible to meet our customer demands very quickly,” says Ovidiu. “Distribution is everything for a business such as ours.”

Farmexim was originally created as a state-owned company to support the efforts of Romania’s Ministry of Health in importing pharmaceutical and medical equipment. Ovidiu says he was employee number one in the newly created business, and he adds that he got the job because of his wide experience. Three years later, in 1994, Farmexim became a fully privatized business, with Ovidiu as the main shareholder. At around the same time, Farmexim dropped the medical equipment side and moved exclusively into pharmaceutical distribution to pharmacies, hospitals and health centers throughout the country.

**Sister generation**

Success in pharmaceutical distribution led Farmexim to set up Help Net in 1998. A year later, on the back of its success with Help Net, Farmexim launched its cosmetics distributor business under the Green Net brand. And a few years after that, Green Net started its Beautik Haute Parfumerie chain of stores. During that time, Ovidiu’s two daughters came into the business. Isabelle, the elder of the two, joined in 1994 and concentrated on sales and marketing. She set up Help Net as an Executive MBA school project and currently manages the chain of more than 200 pharmacies nationwide. Three years
Ovidiu is pictured with his two daughters: on his right is Isabelle, currently Head of Help Net; and left is Alina, Executive Director of Farmexim.
later, in 1997, Alina joined the IT part of the business and moved through various departments before, like Isabelle, taking on a more senior role. Isabelle is currently Head of Help Net and Alina is now Executive Director of the distributor Farmexim. “Farmexim is, for me, a life story. This is the place where I made the first steps into my career, and improved gradually to get to where I am today,” says Alina. Both daughters sit on the board of directors, along with Ovidiu and five non-family members. When it comes to other governance structures, Ovidiu says these are for later generations to add. “For now, I am the family council.”

In 2014, Farmexim opened its state-of-the-art distribution center in Balotești, southeastern Romania, where it now has its operational headquarters. “Balotești is one of the most important logistics centers in Romania,” says Ovidiu. “It has achieved the highest European standards of performance and features the latest technology. It was also an investment of €16 million, which has been turned into a benchmark for the domestic pharmaceuticals industry.” In 2015, the company celebrated its 25th anniversary and a new warehouse was set up in Timisoara, in the western part of the country.

Putting business first

One of the competitive strengths of Farmexim, which is so often the case with family businesses, is that all the company’s profits were reinvested back into the firm during those early years. “We very much had the mentality of investing now for a return in the future,” says Ovidiu. Another important factor in Farmexim’s success is its ability to make decisions very quickly. “That is one of the secrets of running our business,” says Ovidiu. And his own entrepreneurial skills and his determination to drive the business forward have made a major contribution. “Sometimes, you need the vision, hard work and passion of a founder to take the business forward,” Ovidiu says.

All Farmexim’s stakeholders play an important role in its success as well, which is a point Ovidiu is keen to emphasize, particularly when it comes to the company’s employees. “We take a lot of care with the people of our company,” he says. “After all, without them, I cannot do anything.” He adds: “Our whole activity is dedicated to the improvement of people’s well-being, which is why we are concerned with our employees, and their professional and personal development.”
“The system of ownership has worked well for us and will continue to do so. As long as we have happy clients, the business will continue to prosper.”

Ovidiu Buluc

Farmexim, founded in 1990, is one of Romania’s most successful businesses.

Farmexim is also a big contributor to the wider community it works in and, in 2012, it set up the Help Net Foundation. “It was created from our desire to get involved even more in the life of the community by organizing charitable actions that make a real contribution in fields such as social, animal and environmental protection.”

What about the future for Farmexim? Does Ovidiu think that it will continue to be a family business? “Of course. The system of ownership has worked well for us and will continue to do so,” he says. And he adds: “As long as we have happy clients, the business will continue to prosper.” Certainly, the legacy Ovidiu has created and continues to develop is as good an example as any for the future generations of Farmexim’s owners. Ovidiu can be very proud of that – and much else as well.

**Ovidiu Buluc**

CEO

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“The first challenge for us as a family business is to ensure the company's long-term stability and provide safe workplaces for local people.”

Bogomir Strašek,
General Manager, KLS Ljubno
When family businesses look back at their history, they often say that they survived difficult periods thanks to the strength of the family’s values and culture. One such business is KLS Ljubno, a Slovenian car components manufacturer. Today, it is one of the world’s most successful producers of ring gears for engines, but it has experienced some difficult times getting to where it is now. Owned and run by two generations of the Strašek family, KLS is one of Slovenia’s economic success stories.
Automotive component manufacturer are at the heart of the global economy. Many of them are family controlled, and one of the most successful of these is the Slovenian company KLS Ljubno. The manufacturer of starter ring gears for engine flywheels, KLS Ljubno is more than 40 years old, and is owned and run by the Strašek family.

Founded as a state-owned metallurgical plant in the Upper Savinja Valley, around 40 miles northeast of Ljubljana, Slovenia’s capital, KLS became privately owned a few years later. Bogomir Strašek, who is the company’s General Manager, has been the driving force behind the dynamic progress of KLS since its foundation. Bogomir saw the huge potential in making ring gears for engine flywheels and went about converting the factory to manufacture them. That vision paid off and, today, KLS makes around 60% of all ring gears for the European automotive sector and accounts for 15% of global production. In fact, KLS ring gears are in engines of more than 30 different car manufacturers around the world. Altogether, KLS exports around 95% of its production, with China increasingly becoming a major market. With 240 employees, KLS had revenues of €42 million in 2016.

It reached its present position because its products are of exceptional quality. Their quality results were less than 0.5ppm for two consecutive years. For example, German-based Schaeffler Group, the world’s biggest producer of dual-mass flywheels, awarded KLS three times. A year ago, it honored KLS with the status of “strategic partnership.” KLS was the only European manufacturer to receive this high award.

A steadfast commitment

Although KLS is a well-established and successful business today, the company has gone through some very difficult times. And it was only through the sheer determination of Bogomir and his family that the business continued to trade during these years. In 1990, one of its major customers went bankrupt, an event that saw demand for KLS products fall by 40%. In the same year, floods in the Savinja river caused KLS’s factory to shut down for two months. And over the next two years, as Eastern Europe entered a period of economic turmoil while the region was transitioning to market-based economies, KLS saw demand drop by a huge 90%.

“During the economic crisis of the 1990s, our father had to work all the time to get things back on track,” says Nataša Strašek, one of Bogomir’s two daughters who work at KLS. “These were difficult times, but we did not complain because we understood even back then what was at stake and that our father needed the support of the family.” The business pulled through and, by the mid-1990s, started to win some big

KLS Ljubno makes around 60% of all ring gears for the European automotive sector and accounts for 15% of global production. In fact, KLS ring gears are in engines of more than 30 different car manufacturers around the world.
orders from car manufacturers: for example, for Fiat flywheels. And soon, orders flowed in from big-name manufacturers in Germany and France. So, by the 2000s, the family’s hard work and commitment had begun to pay off.

The Strašek family says that its strong sense of values has been critical to KLS’s success. “It is about our core values,” says Barbara Strašek Mirnik, Bogomir’s other daughter who works at KLS, “Which are enshrined in our business policy. This policy consists of the following pillars: a business culture based on the principle of self-respect; a code of ethics; a long-term, stable and successful business; constant progress and development; and increasing competitiveness in the market. From these, it is our business culture that has often made the difference.”

She adds: “The principle of self-respect means that, if you do not respect yourself, you cannot respect others. If you do not respect others, you cannot expect others to respect you. We understand respect more broadly, not just in ethical terms. For us, respect is the basis for long-term successful work and collaboration, as well as the condition for excellence in business. Our partners have shown their appreciation of our business culture on several occasions. And this has enabled us to build fruitful long-term business relationships with them.”

Bogomir Strašek is pictured in 1977 inside the workshop of TOZD Kovinarstvo, the predecessor of KLS Ljubno.

The Upper Savinja Valley, near Ljubljana, is where the company has its headquarters.

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The family say they work very closely together, which provides an informal family governance structure. “As a family, we are closely connected,” says Nataša. “We have close daily contacts and relations in private and business life, which we have developed over many years.” And the family’s values and

Stakeholder values

A strong belief in the importance of stakeholder values runs through the culture of KLS, and this has been critical to the company’s success. “The first challenge for us as a family business is to ensure the company’s long-term stability and provide safe workplaces for local people,” says Bogomir. “We have gained our customers’ confidence and trust as well. And, on this basis, we also managed to gain an increase in orders and strategic partnerships.”

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Inside KLS production, from left to right are Samo Mirnik, Bogomir’s son-in-law and CEO; Franci Bevc, Bogomir’s son-in-law and, who is responsible for the development and production of the rings gears.

Bogomir Strašek is pictured here with his daughters: Nataša Strašek, from the Sales and Communication team, on the left; and Barbara Strašek Mirnik, CEO, on the right.
“Without innovation, we would not be able to keep up with the pace of our global competitors. We are focused on product innovation, process innovation, reinventing or innovating the business model to face up to market changes, and using advanced production and IT technology.”

Barbara Strašek Mirnik

culture are being passed on to the next generation. “We try to educate our children, the third generation, with the same values as our parents taught us,” says Nataša. “To be honest and fair, and to respect yourself and others. In addition, we all have a strong work ethic and are dedicated to our business, which our children also feel on a daily basis.”

In the fast-moving world of the automotive sector, innovation plays an essential role in businesses such as KLS. And Barbara says innovation is central to the company’s culture. “Without innovation, we would not be able to keep up with the pace of our global competitors,” she says. “We are focused on product innovation, process innovation, reinventing or innovating the business model to face up to market changes, and using advanced production and IT technology.” As part of this commitment, KLS recently opened a new logistics center, designed to increase the company’s capacity considerably. “The new facility is a part of our growth plans that will help KLS to achieve our goal of gaining more than 20% of the global share in the production of ring gears,” says Bogomir. In addition, KLS is introducing production ranges of other products for the automotive industry and will continue to do so in the years ahead.

KLS operates in one of the most fiercely competitive sectors in the world. Many factors underline its success, but the culture and values of the Strašek family are up there among the main ones. Those values are now being passed on to the third generation, and the legacy that generation will inherit should underpin KLS’s success into the future.

Bogomir Strašek, pictured outside the KLS Ljubno headquarters, has been the driving force behind the dynamic progress of KLS since its foundation.
Three generations of the Calvo family have created one of Europe’s leading food businesses, which has a global presence and an international reputation for excellence. Founded in 1940, Grupo Calvo is today one of the biggest fishing and fish processing and distribution businesses in the world. Now overseen increasingly by the third generation, the group has prospered against a background of strong values, such as placing its stakeholders at the center of its business.
“It is these four concepts that truly reflect our family values: people, commitment, quality and innovation.”

José Luis Calvo,
Honorary Chairman,
Grupo Calvo
Small, family-owned grocery stores based in out-of-the-way towns often give rise to hugely successful businesses with a global presence. And this is the case with the Spanish company Grupo Calvo, which is today a multinational fishing, processing and distribution company based in the northern Spanish town of Carballo in Galicia. Jointly managed by the second and third generations of the Calvo family, Grupo Calvo is a testament to the hard work and innovation of its founder Luis Calvo Sanz, his descendants and all its stakeholders.

Grupo Calvo is best known today for its three big brands – Calvo in Spain, Gomes da Costa in Brazil and Nostromo in Italy. Through these brands, the group sells its seafood products, which are mainly based on mussels, sardines, squid and tuna. As part of its vertically integrated business model, Calvo is engaged in fishing – as well as processing and distribution – and operates a fleet of seven tuna trawlers together with a number of support boats. The group is one of Galicia’s main employers, with more than 800 members of staff.

Although the group’s official start date is 1940, the business goes back even further. Entrepreneur Luis Calvo Sanz saw an opportunity to grow a business after inheriting a warehouse store from his father in 1908. As a teenager, he set up a new store with the brand “Son of J. Calvo” in Carballo and sold a number of products such as beans, olive oil and wine to local merchants. Later, he got the idea of selling canned meat, and this is where the canning part of the business began to take hold. Later, Luis took his canned meat and beans business a step further and, in 1940, opened a factory to turn out his products in sufficient quantities. And this marked the official start of Grupo Calvo. Twelve years later, Luis’s eldest son José Luis Calvo joined the business. José is still an integral part of the company and sits on the board of directors.

Innovation starts early

Through its innovations, such as building one of the first tuna-canning machines (in the late 1950s) and going on to develop other technologies, the Calvo Group grew rapidly from the 1960s onward. And during this period, the group also focused more on tuna production and distribution, which is now at the core of the business. After Luis died in 1980, José took over and, from then on, Calvo opened more factories in Spain and abroad for processing tuna. In 1993, Calvo bought the Italian brand Nostromo and, in 2004, the Brazilian group Gomes da Costa. Through these acquisitions and developments in other parts of the world, Grupo Calvo became a truly multinational food business. And in 2006, the third generation began to take a more active role in the business, with Manuel Calvo García-Benavides, José’s nephew, taking over as CEO.

José says that being a family business has been crucial to the success of Grupo Calvo. “I think that being a family business from the outset has enabled us to remain true to strong values and a strong corporate culture that have helped us make important decisions and navigate in all types of water,” he says. “We have a clear sense of our origins and, although today we are an international group, we began as a grocer’s shop. We also know what we do well: produce high-quality preserved fish, a healthy and nutritious food that is a staple in the shopping basket of many households.”

Asked about the particular values of Calvo as a family business, José says these have evolved, but they are very much connected to the community the business grew up in. “Obviously, my father did not set up the business and then sit down to write out the values and corporate culture he would promote,” he says. “These came about as a result of his own family values and probably those of the small Galician town where we originated – values such as effort, the desire to do the right thing, respect for others and curiosity.”

The four concepts

He adds: “Some time ago, as part of internal analysis, we asked ourselves what guided us as a company and what values we shared with our employees, partners, customers and community. We came up with four concepts that underpin how
Entrepreneur Luis Calvo Sanz saw an opportunity to grow a business after inheriting a warehouse store from his father in 1908. As a teenager, he set up a new store with the brand “Son of J. Calvo” in Carballo and continued to expand his business until he opened a factory in 1940, which marked the official start of Grupo Calvo.
In 1952, Luis Calvo Sanz’s eldest son José Luis Calvo joined the business. José is still an integral part of the company and sits on the board of directors.

Grupo Calvo is best known today for its three big brands – Calvo in Spain, Gomes da Costa in Brazil and Nostromo in Italy.
“We have the advantage that, in our family, all decisions are made collectively – a principle passed on to us by our parents.”

José Luis Calvo

Calvo has been good at instilling these values in the business at all levels. José says this has been done by way of example. “I believe this created the foundation for our deep-rooted identity and culture,” he says. “As we grew, and the number of collaborators and work centers in Europe and America increased, we implemented a fully integrated, people-oriented management and corporate culture deployment plan.”

Governance at the company is overseen by a board of directors, which is made up of 10 members. Six of those are from the family – both the second and third generations are represented – and the four other members belong to a minority shareholder. In addition, family shareholders meet twice a year to keep abreast of all relevant events, says José. “We have the advantage that, in our family, all decisions are made collectively – a principle passed on to us by our parents.”

But how does a business such as Grupo Calvo maintain the entrepreneurial zeal of its extraordinary founder Luis? How does the company take this beyond the second generation and into the third and beyond? José says that developing talent at all levels is key to continuing Calvo’s entrepreneurial journey. “Developing initiative and talent is paramount for success,” he says. “This has always been the case, but in today’s ever-changing world in which everything happens so fast, past experience and success play a much smaller role. Grupo Calvo management comprises both professionals who have grown with the group and people who joined the business as it expanded and branched out internationally. We incorporated customized training courses long ago, which our employees receive throughout their professional career.”

There is no doubt that future generations of the family and staff of the group will appreciate this commitment to professionalism and training. And, of course, the commitment to entrepreneurship. The strong set of values, set against Calvo’s well-rooted local connections, should also provide the strength for Calvo to succeed for many years to come. That is something the Calvo family can take pride in.

Under José’s management and various acquisitions and developments in other parts of the world, the Calvo Group became a truly multinational food business.
“You must never be afraid to do things you believe in, and you must put everything into it – all your effort.”

Peter Rejler,
President and CEO, Rejlers
Peter, Lisa and Martina Rejler
Rejlers

Rejlers, a Swedish engineering consultancy company, is a great example of a very resilient family business. Founded in 1942, Rejlers grew rapidly in the post-World War II economic boom years in Sweden. But businesses that survive as long as Rejlers often hit difficult times and, during the 1990s, the company came close to bankruptcy. But, with the determination of the third generation, Rejlers was brought back to health and is today one of Sweden’s most successful family businesses.
At first, Peter Rejler’s father was reluctant for his children to join the family business. After running Rejlers for more than 20 years, Jan felt he did not want them to experience the same pressures he had undergone during his last few years running the business, when it had entered a period of great uncertainty. “He did not want to bring that struggle to the third generation,” says Peter, who is CEO of Rejlers. But Peter took up the challenge and, with his two sisters, the third generation revived the family business. Today, Rejlers is a cutting-edge engineering consultancy business at the forefront of energy optimization and sustainable energy in Europe.

Based in Stockholm, Rejlers employs more than 2,000 people at 80 locations across Sweden, Finland and Norway. Its experts work within the construction, energy, property and infrastructure sectors, and it carries out assignments throughout the Nordic region, as well as in the Baltic states. Rejlers, which is listed on the Stockholm Stock Exchange, had revenues of SEK2.3 billion in 2016, up 25% on the previous year.

Founded in the southern Swedish province of Småland in 1942 by Gunnar Rejler, the engineering group has been at the forefront of Sweden’s economic development for the last 75 years. Under Gunnar’s leadership, Rejlers was central to the growth of the country’s electricity supply network in the 1940s and 1950s. “My grandfather was very much an inventor,” says Peter. “In fact, he invented the first microwave oven, but was not able to commercialize it and sold the patent.” Nevertheless, Rejler prospered under widespread infrastructure development in Sweden in the 1960s. Sweden’s mass housing initiative (called the Million Programme) between 1965 and 1974 also helped drive the company’s success during these years. Gunnar’s son Jan came into the business in 1969. Like his father, Jan trained as an engineer, and he developed Rejlers’ infrastructure engineering expertise. In 1976, he set up Sweden’s first ever solar panel power station, which was a pioneering development for the time. He also opened Rejlers’ first office abroad, in Finland.

Tougher times

The family business prospered during the 1970s and 1980s, but hit a tough period in the 1990s. “There was a sharp downturn in the building sector in the 1990s, and Rejlers was hit hard by this,” says Peter. “The business struggled. In fact, it came close to bankruptcy. Not only that, but my father came close to personal bankruptcy.” In 1996, Jan had had enough. "At that point, my father thought about selling the business,” said Peter. But he didn't, turning instead to Peter, then aged 32, and asking him to join the company.

Peter and his sister Lisa Rejler are very open about this period in Rejlers’ history, possibly more so than many other family businesses. Maybe this has something to do with the Swedish culture of frankness. But there is also an extraordinary story of renewal in how the third generation of the family took over a business on the brink of failure and nurtured it back to prosperity again. The family is very proud of that achievement. But the third generation had some very tough decisions to make when they took the reins, says Peter.

“I agreed to join Rejlers, but there needed to be a clean break with the second generation,” says Peter. Jan agreed, and pretty much the entire equity held by the second generation was bought by the third generation. Peter, Lisa and their younger sister Martina were allowed to get on with turning the business around. “Sometimes, the old guy must let go of the business, and not enough family businesses appreciate this,” says Peter.

Leading the revival

A few years after the third generation took over, Rejlers began to prosper again. And, in 2003, part of the share capital in the business was listed on the Stockholm stock exchange. Today, the Rejler family holds 57% of the voting shares and 25% of the capital shares in the business. “Even though we are a listed business, we have very much a long-term attitude to growth.
Gunnar Rejler is the founder of Rejlers and Peter and Lisa’s grandfather. Under his leadership, Rejlers was central to the growth of the country’s electricity supply network in the 1940s and 1950s.

Jan Rejler, Gunnar’s son and father of Peter and Lisa, came into the business in 1969. He developed Rejlers’ infrastructure engineering expertise, set up Sweden’s first ever solar panel power station and opened Rejlers’ first office abroad.

The family is very proud of the determination of the third generation (from left to right: Jan, Lisa and Peter).
Peter Rejler, President and CEO of Rejlers, outside the office in Stockholm.

Peter was named ACE European CEO of the Year.

Lisa is the company’s Head of Investor Relations and CSR.
“Even though we are a listed business, we have very much a long-term attitude to growth.”

Peter Rejler

You must be prepared not to make a big profit every year, even when you're a listed business. You need to make sure the company survives to the next generation as well.”

Peter says that innovation in fast-growing areas such as sustainable energy and energy efficiency has driven Rejlers’ success in recent years. But he also says the revival was led by a big level of commitment. “You must never be afraid to do things you believe in, and you must put everything into it – all your effort.”

Knowing first hand how vulnerable family businesses can be, the family has crafted strong family governance structures. This includes setting up an owner’s council and a family council to help manage the relationship between the family and the business. Lisa says the owner’s council helps to set the strategic goals of the business, while the family council works more at transferring the culture of the business to the fourth generation. So far, there is no succession plan for the next generation, which currently has nine members. “This is something for the future,” says Lisa.

However Rejlers handles its succession to the fourth generation, the company’s story – the entrepreneurship of the first and second generations, coupled with the revival of the business by the third generation – will be an inspiration to future family members. That is a great legacy to pass on to any family business.

Peter Rejler
President and CEO

Lisa Rejler
Head of Investor Relations and CSR

Martina Rejler
Member of the Nomination Committee

| Company name: | Rejlers |
| Generation: | Third |
| Founded: | 1942 in Småland, Sweden |
| Industry: | Engineering consultancy services |
| Employees (2016): | 2,027 |
| Revenue (2016): | SEK2.3b |

The entrepreneurship of the first and second generations, coupled with the revival of the business by the third generation, will surely be an inspiration to the fourth generation, which currently has nine members.
Hans-Rudolf Schurter
The SCHURTER Group

The SCHURTER Group is a classic Swiss-based midsize manufacturing business, which makes a niche product that is vital for the smooth running of the global economy. Family owned since its establishment in 1933, SCHURTER encompasses all the best aspects of a family business, with award-winning commitment to all its stakeholders. Equally important to SCHURTER and its owners is a commitment to innovation, the single most important aspect of the family’s constitution.
“The family all agree that a certain percentage of the company’s revenues is set aside for innovation every year, and this needs to be in the constitution.”

Hans-Rudolf Schurter,
Group Chairman, The SCHURTER Group
Coming out on top of the Great Depression

The SCHURTER Group, a highly successful manufacturer of electronic components, learned about the importance of patient capital very early on. Established in 1933, as the Great Depression took hold across much of the world, the company generated a small profit from the second year on. However, it was 13 years before it was able to achieve CHF1 million in sales.

“It wasn’t a very good time to launch a business,” says Hans-Rudolf Schurter, Chairman of the company and the grandson of Heinrich Schurter, the company’s founder. “The banks weren’t lending any money, and finance in those early years to keep the business going came from family members.” Nevertheless, Heinrich persevered — with the backing of his son Rolf, who joined the company in 1942 — and the business eventually began to flourish after World War II.

Today, SCHURTER oversees a global group of companies with combined annual revenues of more than CHF200 million, employing more than 1,600 people and with subsidiaries in 18 countries. SCHURTER produces components such as fuse links, fuse holders, circuit breakers, voltage selectors, power supply cords, metal line switches, public transport switches, membrane and touch panels. Its customers include Siemens, McLaren, Roche, Samsung, Whirlpool and GE Healthcare.

Entirely owned by the founding family

Still based in Lucerne in central Switzerland, where it all started, SCHURTER is very much a family business and is still entirely owned by the founding family. The third generation is represented by Hans-Rudolf and his brother Bruno, the retired head of SCHURTER’s US subsidiary. Two other members of the third generation are shareholders, but don’t work for the company. The fourth generation comprises six members, including Hans-Rudolf’s son, who currently works as a mechanical engineer for the German company Siemens, which is also one of SCHURTER’s biggest customers.

Hans-Rudolf joined SCHURTER in 1982 as a member of the board after studying law in Switzerland and working for one of the big Swiss banks. His father retired from the business in the early 1990s, which coincided with the establishment of the holding company structure. The reorganization of the business was designed to give the international parts of SCHURTER more autonomy and help facilitate international expansion. Bruno Schurter established a subsidiary of the company in the US in 1981 and oversaw expansion in North America. Hans-Rudolf became CEO in 1992, and SCHURTER grew rapidly over the next 20-plus years. Under his leadership, SCHURTER acquired eight of its competitors and complementary businesses, which helped to establish the group as a leader in the production of electronic components.

As part of the family’s efforts to nurture talent within the company, Hans-Rudolf stepped down from the CEO position in 2015 at the age of 65. And, for the first time in the 80 years of its existence, a non-family member, Ralph Müller, became the new CEO. Müller, who had worked for 10 years at the SCHURTER Group before taking the top job, said at the time of his appointment: “Our management principles – based on
role models, trust, responsibility, change and connections – will help me to drive the company ahead even further, following the values of the founding family." Hans-Rudolf continues to play a role in the strategic development of the business as Group Chairman.

Innovation as a key part of the family constitution

Hans-Rudolf says that, in an effort to improve coordination of the relationship between the family and the business, family governance structures have been set up over the last five years. “In the 1980s and 1990s, such structures just didn’t really exist or, if they did, they were rare,” he says. And three years ago, a family constitution was created. Hans-Rudolf says that beyond the normal types of things people would expect to see in a family constitution – such as family succession rules and an apparatus around the relationship between the family and the business – is a commitment to innovation and growth. “I made it clear that the family all agree that a certain percentage of the company’s revenues is set aside for innovation every year, and this needs to be in the constitution,” he says. “In fact, I would say this is the most important thing in our constitution. If we don’t have enough money for innovation, we will eventually disappear from the market. So then things such as succession and governance make no sense.”

The shareholders of the SCHURTER Group comprise three generations (April 2015).
Uninterrupted electricity supply represents a key competence in the 21st century.

SCHURTER Electronic Components is a leading innovator and producer of electronic components.

The rising demand for hybrid and electric vehicles is a stimulant for the automotive industry.

Internationally approved components can be used in almost any industrial equipment.

Absolute reliability under extreme conditions is essential in aviation and space technology on aircraft, satellites and spacecraft.
Engaging all generations and staff is at the heart of SCHURTER’s commitment

Hans-Rudolf hopes his son will join the business and, with his background, it would appear to make a lot of sense. But he is under no illusions about the difficulties a third-generation family business has in engaging future generations. “To bring the next generation into the business is a very demanding task,” he says. “How do I make the business interesting to them?” Three other members of the fourth generation work in sectors with no link to the electronic components industry. “One is a musician, another one is a psychotherapist, and another one works in the hotel sector. They have nothing in common with the electronic components sector.”

To engage all generations, the entire family meets twice a year at one of the company’s factories. “These meetings are compulsory,” says Hans-Rudolf. “It’s important for the next generation to get a feeling about the company, rather than have no idea what’s going on. If they don’t know about the company, then they are more likely to sell their shares in it.”

Of course, Hans-Rudolf realizes that it is not just about convincing the family of the importance of SCHURTER, but all the company’s stakeholders. And at the heart of this commitment are SCHURTER’s staff. “I have to convince my employees that our products are very valuable. After all, SCHURTER’s products aren’t the most sexy of things – we don’t sell Rolexes or fast cars, but our products are essential for the smooth running of the global economy, and I think our staff get this.”

But beyond the perception of the business and the other ways to keep top staff motivated, such as pay and working conditions, SCHURTER believes there are additional factors to engage its staff – and it involves competitions. “I encourage all our staff at all levels to participate in competitions. These competitions, and especially winning them, can show others that we work in a good company,” says Hans-Rudolf. Since 2005, SCHURTER and its employees have won nine awards, including the Swiss EY Family Business Award of Excellence 2016.

That is some achievement and, with the Schurter family’s commitment to all of its stakeholders in the best tradition of a family business, there is every likelihood that the company will keep on winning competitions many years into the future.

Hans-Rudolf Schurter celebrating with his late father Rolf on the 80th anniversary of the SCHURTER Group in 2013.

### Hans-Rudolf Schurter
**Group Chairman**

<table>
<thead>
<tr>
<th>Company name:</th>
<th>The SCHURTER Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generations:</td>
<td>Third and fourth</td>
</tr>
<tr>
<td>Founded:</td>
<td>1933 in Lucerne, Switzerland</td>
</tr>
<tr>
<td>Industry:</td>
<td>Electronic manufacturing</td>
</tr>
<tr>
<td>Employees (2016):</td>
<td>1,600</td>
</tr>
<tr>
<td>Revenue (2016):</td>
<td>€185m</td>
</tr>
</tbody>
</table>
“I am pretty sure that, if we were not family owned, William Jackson would not be around today.”

Nicholas Oughtred, Chairman, William Jackson Food Group
Nicholas Oughtred
William Jackson Food Group

Few companies have managed to thrive for 165 years. Those that have are almost all family controlled. William Jackson Food Group is one such company, still owned and jointly managed by descendants of the man who started it all, William Jackson. Based in the north of England, the food group, which oversees well-known brands such as Aunt Bessie’s and Abel & Cole, continues to flourish and prosper. That’s thanks to the enlightened values of its family owners, who place the company’s stakeholders at the heart of the business.
Tucked away in the city of Hull, William Jackson Food Group could be called a “hidden gem.” Few people outside the East Riding of Yorkshire may have heard of it, but its contribution to the dynamism of the UK economy is undeniable. It has been family owned since it was founded as a retail business in Hull way back in 1851, and its first bakery was established nearby in 1907. After the parallel growth of its shops and bakeries during the 20th century, and some diversification along the way, the company now operates a focused portfolio of food businesses.

William Jackson is the parent company of several well-known brands: the organic grocer, Abel & Cole; the traditional food specialist, Aunt Bessie’s, famous for its Yorkshire puddings and roast potatoes; Jackson’s Bakery, the UK’s leading supplier of sandwich bread; vegetable and salad specialist MyFresh; and healthy snack business The Food Doctor. William Jackson also owns a pub called the Ferguson Fawsitt Arms in the picturesque Yorkshire village of Walkington.

Now owned and managed by two generations of the original family, William Jackson employs around 2,200 staff. In the last financial year, it made more than £300 million in revenues. Nicholas Oughtred, the great-great-grandson of the founder, is the current Chairman of the food group. He is one of only two family members to work full time for the company, although two members of the sixth generation sit on the company’s board – Paddy Mountifield and Sonya Eastaugh. Nicholas says the family part of the business has been crucial. “I am pretty sure that, if we were not family owned, William Jackson would not be around today.”

Currently, there are eight family members among the fifth generation with shares in the business, of which the family owns 89% in total. Nicholas says that, as more family members come into the business, either as shareholders or as colleagues, family governance has become more important. “The bigger the body of people you are working with, the bigger the challenge. There is a need to have a very structured governance system in place.” A family constitution was drawn up in the mid-1990s and is reviewed every five years to ensure it is up to date with the latest thinking on family governance.

A strong set of values is integral

Nicholas explains that having a strong set of values is an important part of William Jackson’s efforts to stay competitive and ensure the business prospers at all levels in the years ahead. These values have emerged during the company’s long
In 1987, Aunt Bessie’s colleagues celebrated the production of one million Yorkshire puddings in a single week. Today, they produce up to 20 million a week.

The production – of sausage rolls – in the Derringham Street bakery.

Family members, their partners and Abel & Cole colleagues gather at the Abel & Cole depot in Andover, United Kingdom.
period of existence and, indeed, help to explain its longevity. “One of our core values is boldness,” Nicholas says. “This means constantly challenging ourselves. We have had to be bold to survive the challenges of the past 165 years, so we need to continue to be bold to ensure we survive as a family business for another 165 years and more.” As with any successful family business, it is important that all the stakeholders play a central role in William Jackson’s values, which also include consideration, openness and integrity.

Commitment to innovation

These values help the business to innovate and stay ahead of the game in the highly competitive food sector. “I believe the innovation side of the business comes through in the way we manage the portfolio of businesses that comprise William Jackson. That portfolio needs to be well balanced. For example, we do not want to be too dependent on one sector, because you can become dependent on a small number of customers. You are constantly striving to spread the risk, and that forces you not to follow the status quo.”

All these factors – the company’s values, its commitment to innovation, spreading the risk and more – feed through into the performance indicators. In the last 10 years, revenues have increased by 200% and the profitability of the business has risen sharply. The plan is to double revenues over the next five years, although not if that compromises the values of the business, says Nicholas. “Growth means to us the creation of value. We keep a sharp eye on what value we think we are creating. Value to us does not necessarily mean sales.”

Nicholas explains this further with an example linked to the company’s Aunt Bessie’s brand. “Through Aunt Bessie’s, we used to sell single-portion plated-up ready meals, which delivered significant revenue. But on further reflection,
“Growth means to us the creation of value. We keep a sharp eye on what value we think we are creating. Value to us does not necessarily mean sales.”

Nicholas Oughtred

the team felt that the product did not enhance the quality of the overall brand. The brand was emotionally warming, built around family togetherness. A single-person platter clearly didn't enhance that at all.”

Successful succession planning

One aspect where William Jackson followed a somewhat unconventional path as a family business was the succession of its chairmanship role 10 years ago. Instead of replacing a member of the fourth generation, Nicholas replaced his older brother Christopher, who had been Chairman for a decade and felt that it was time to step down. Although Nicholas had been engaged in the family business all his working life, there still needed to be a process. “There was a desire to have a family member in the role, but it was important the process involved a thorough assessment by a third party ahead of any appointment.” While Nicholas was successful, the family constitution demands that the role of chairman is reviewed every five years, so his tenure is not guaranteed. “Family members working for their business need to question their role constantly, and having a set of guidelines to ensure this happens is a good idea.”

A big part of a successful family business is its ability to nurture talent, not just in the family but across the entire staff. For a business that has survived as long as William Jackson, this becomes even more imperative. “You need to constantly invest in all your people, whether they are family members or not,” Nicholas says. At the most senior level, managers are invited to enroll on an executive course at Harvard University. “It is incumbent on us as a family business to make positions in the company as challenging, interesting and rewarding as we can.”

Will William Jackson still be thriving as a family business in 100 years’ time? Of course, no one knows for sure. But the enduring values imparted to the business for six generations suggest that William Jackson may well achieve that milestone.

<table>
<thead>
<tr>
<th>Nicholas Oughtred</th>
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</thead>
<tbody>
<tr>
<td><strong>Chairman</strong></td>
</tr>
<tr>
<td><strong>Company name:</strong> William Jackson Food Group</td>
</tr>
<tr>
<td><strong>Generation:</strong> Fifth</td>
</tr>
<tr>
<td><strong>Founded:</strong> 1851 in Hull, United Kingdom</td>
</tr>
<tr>
<td><strong>Industry:</strong> Food</td>
</tr>
<tr>
<td><strong>Employees (2016):</strong> 2,190</td>
</tr>
<tr>
<td><strong>Revenue (2016):</strong> £300m</td>
</tr>
</tbody>
</table>
EY Family Business Award of Excellence

Winners

Europe
North America
Latin America
Asia-Pacific
“In North America, which has one of the most dynamic environments for innovation in the world, family businesses are often at the heart of this innovation.”

Carrie Hall
EY Americas Family Business Leader
North America

If there is a phrase that encapsulates the situation for the North American family business sector in 2017 and beyond, it’s probably “uncertain optimism.” We are expecting a lot of changes under the Donald Trump Presidency. Many of these will be good for family businesses, and that is fueling optimism. But there is also a great deal of uncertainty. After all, President Trump has an agenda that is likely to bring in some of the biggest changes to the business environment in a generation. And how that plays itself out for North American family businesses is uncertain.

For many family businesses in the region, there is a clear sense of opportunity. President Trump has talked about cutting corporate and individual taxes considerably, saying corporate taxes should come down to 15%. If that happens, it will be a big fall from the current federal rate of up to 35%. He has also said that regulation is going to be pared back. He wants cuts in environmental, energy, health and trade regulations. With his drive to concentrate on US growth above all else, Trump wants a big increase in infrastructure expenditure to fuel it. He wants a tax on foreign-retained earnings of US multinationals to help pay for this infrastructure boom. If this happens, many family businesses will benefit, especially those linked to the construction sector.

That said, Trump’s emphasis on US growth and the threat of higher import tariffs could hurt the family businesses that import many of their goods and services, such as retail businesses. And Canada might be looking at the changes with some trepidation. Former Bank of Canada Governor David Dodge agreed in an interview in early 2017 that he expected faster post-election growth in the US to be positive for the Canadian economy over the short term. But, over the medium and longer term, Dodge thinks Canada could struggle in areas such as trade, attracting investment and, in particular, tax competitiveness.

Against this background, family businesses are thinking about some of the big themes prevalent in their sector as they move forward in the 21st century. Perhaps one of the biggest themes – and, of course, this is not confined to North America – is entrepreneurship. An entrepreneurial culture is a measure of how easy it is to take entrepreneurial action in a family business. The challenge for any business is to foster a culture of innovation and, for family businesses, this challenge is linked to succession. In North America, which has one of the most dynamic environments for innovation in the world, family businesses are often at the heart of this innovation. Just look at the profiles of our US and Canada winners this year, which show how innovative they all are. But, despite this, family businesses cannot be complacent. Innovation is easy to talk about, but it’s tougher to ensure that it happens – particularly for multigenerational family businesses, where the link to the first-generation entrepreneur inevitably fades.

Innovation is also linked to nurturing the talents of staff members from outside of the family. This theme has become a big issue for family businesses across North America and the rest of the world. Family businesses work hard to attract and retain top talent. In addition to focusing on obvious factors such as good compensation, benefits and working conditions, they have the added advantage that many people prefer to work for a family business. It’s not unusual to have three generations of non-family employees at a family business. Yes, family businesses offer advantages for non-family employees, but they cannot afford to rely on this alone when it comes to attracting talent. After all, the war for talent is as tough as ever, and attracting and retaining top staff is difficult for any business.

North American family businesses have entered interesting times. There is reason to be cautiously optimistic about their operating environment, although with some trepidation about the uncertainty the new Administration has ushered in. But, as they have shown so successfully in the past, family businesses will take all this in their stride and continue to prosper, regardless of the wider political and economic forces.

Carrie Hall
carrie.hall@ey.com
Family business in North America | Facts and figures

Of the world’s 500 largest family businesses, 27.8% (139) are located in North America.

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

The largest family businesses in North America

The top 10 family businesses generated approximately US$1,298.3 billion of North America's GDP of US$19.6 trillion in 2015 and employed more than 3.6 million people.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company name</th>
<th>Revenues (2015) in US$ billion</th>
<th>Number of employees (2015)</th>
<th>Family</th>
<th>Family shareholding or voting rights (latter indicated by *)</th>
<th>Public listed company</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wal-Mart Stores, Inc.</td>
<td>485.7</td>
<td>2,200,000</td>
<td>Walton</td>
<td>50.90%</td>
<td>Yes</td>
<td>US</td>
</tr>
<tr>
<td>2</td>
<td>Berkshire Hathaway, Inc.</td>
<td>199.9</td>
<td>361,270</td>
<td>Buffet</td>
<td>37.60%</td>
<td>Yes</td>
<td>US</td>
</tr>
<tr>
<td>3</td>
<td>Ford Motor Company</td>
<td>149.6</td>
<td>199,000</td>
<td>Ford</td>
<td>40.00%</td>
<td>Yes</td>
<td>US</td>
</tr>
<tr>
<td>4</td>
<td>Cargill, Inc.</td>
<td>120.4</td>
<td>153,000</td>
<td>Cargill</td>
<td>100.00%</td>
<td>No</td>
<td>US</td>
</tr>
<tr>
<td>5</td>
<td>Koch Industries, Inc.</td>
<td>100</td>
<td>100,000</td>
<td>Koch</td>
<td>84.00%</td>
<td>No</td>
<td>US</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.
The top 139 family businesses in North America

- **Generated** US$2,418.3b in revenues (12.3% of North America’s GDP)
- **Employ** 6,708,107 people (3.8% of North America’s workforce)
- **Realize** US$1,488.8b of market capitalization

Are, on average, 81.4 years old
33.1% are public listed companies

33.1% are public listed companies

Source: Global Family Business Index and Oxford Economics information; revenue and number of employee figures as of 2015; market capitalization as of 31 December 2016.

Some interesting anniversaries

<table>
<thead>
<tr>
<th>Anniversary</th>
<th>Company</th>
<th>Family</th>
<th>Industry</th>
<th>Headquarters</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>130</td>
<td>The Hearst Corporation</td>
<td>Hearst</td>
<td>Mass media</td>
<td>New York</td>
<td>US</td>
</tr>
<tr>
<td>120</td>
<td>Gordon Food Services, Inc.</td>
<td>Gordon</td>
<td>Foodservice distributor</td>
<td>Grand Rapids</td>
<td>US</td>
</tr>
<tr>
<td>90</td>
<td>Marriott International, Inc.</td>
<td>Marriott</td>
<td>Hospitality</td>
<td>Bethesda</td>
<td>US</td>
</tr>
<tr>
<td>80</td>
<td>Southwire Company, LLC</td>
<td>Richards</td>
<td>Capital goods</td>
<td>Carrollton</td>
<td>US</td>
</tr>
<tr>
<td>75</td>
<td>Bombardier, Inc.</td>
<td>Bombardier</td>
<td>Aerospace and transportation</td>
<td>Montreal</td>
<td>Canada</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

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<tbody>
<tr>
<td>6</td>
<td>Comcast Corp</td>
<td>74.5</td>
<td>153,000</td>
<td>Roberts 33.6%</td>
<td>Yes</td>
<td>US</td>
</tr>
<tr>
<td>7</td>
<td>Dell Inc.</td>
<td>58.1</td>
<td>98,300</td>
<td>Dell 75.00%</td>
<td>Yes</td>
<td>US</td>
</tr>
<tr>
<td>8</td>
<td>Tyson Foods Inc.</td>
<td>41.4</td>
<td>113,000</td>
<td>Tyson 71.20%</td>
<td>Yes</td>
<td>US</td>
</tr>
<tr>
<td>9</td>
<td>Mars Inc.</td>
<td>35</td>
<td>74,200</td>
<td>Mars 100.00%</td>
<td>No</td>
<td>US</td>
</tr>
<tr>
<td>10</td>
<td>George Weston Ltd</td>
<td>33.8</td>
<td>196,000</td>
<td>Weston 63.00%</td>
<td>Yes</td>
<td>Canada</td>
</tr>
</tbody>
</table>

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. Revenue, number of employees and shareholding information as of 2015.
Some recent M&A deals involving North American family businesses

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2017</td>
<td><strong>Altria Group</strong></td>
<td>Altria Group, which owns Marlboro and other cigarette brands, along with cigar, smokeless tobacco, e-cigarette and wine brands, has acquired family-owned Sherman Group Holdings and its subsidiary Nat Sherman. Nat Sherman sells super-premium cigarettes and premium cigars. The company was founded in 1930 in New York City’s Garment District; today, its flagship store is on 42nd Street, off Fifth Avenue. Sherman’s manufacturing facilities are in Greensboro, North Carolina, and the company has put together a limited distribution network that extends across the US market, as well as more than 40 countries internationally.</td>
</tr>
<tr>
<td>December 2016</td>
<td><strong>21st Century Fox, Inc.</strong></td>
<td>21st Century Fox has reached a preliminary deal to acquire full control of Sky Plc for US$14.1 billion. Rupert Murdoch, who controls Fox, is seeking the deal to consolidate his television empire. The deal will have to be approved by European regulators. Murdoch has long made clear his desire to own all of Sky. He was thwarted in 2010 attempt to buy out other shareholders for £7.8 billion. The proposal was derailed by revelations that two of his newspapers hacked into the mobile phones of celebrities and politicians. An eight-member independent committee of Sky’s Board has been formed to consider the deal with Fox.</td>
</tr>
<tr>
<td>October 2016</td>
<td><strong>Mars Inc.</strong></td>
<td>Mars will buy out Berkshire Hathaway’s minority stake in its Wrigley subsidiary to take full control of the brand. The price was undisclosed. In 2008, Mars partnered with Berkshire to buy Wrigley for US$23 billion. At the time of the 2008 deal, Berkshire had acquired a stake in Wrigley of about 10%, worth US$2.1 billion, eventually increasing its stake to 19.4%. Sometime next year, Mars plans to combine the Wrigley chewing gum unit with its chocolate operations in an entity called Mars Wrigley Confectionery.</td>
</tr>
</tbody>
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Source: ThomsonOne.

Selected obituaries

We take this opportunity to remember some of the famous family entrepreneurs who died in the last year:

10 February 2017
American billionaire Mike Ilitch, who went from minor league baseball player to founder of the sprawling family business Ilitch Holdings, has died at the age of 87. The Detroit-born businessman was known as an All City athlete in baseball and track, the founder of Little Caesars – now the third-largest pizza chain in the US with 2015 sales of US$3.5 billion – and a patron of the city in which he was born. He and his wife Marion founded the Little Caesars pizza business in 1959 in Garden City, a small Detroit suburb.

10 December 2016
Eric Michael Hilton, Vice Chairman Emeritus of Hilton Hotels Corporation and youngest son of Conrad Hilton, has passed away peacefully at the age of 83 at his home in Las Vegas. He was born on 1 July 1933 in Dallas, Texas, to Conrad Hilton and his wife Mary Adelaide Barron. He began his career in 1949 and worked his way up through the company, retiring in 1997 as Vice Chairman Emeritus, having held various key positions.

30 November 2016
Michael “Jim” Delligatti, the McDonald’s franchisee credited with inventing the best-selling Big Mac almost five decades ago, has died at the age of 98. Delligatti headed M&J Management, the family business he founded in 1968, which now spans four generations. The family business employs 1,000 staff and owns and operates 18 McDonald’s restaurants in western Pennsylvania, earning an estimated US$45.5 million in annual revenue.

26 July 2016
Forrest Mars Jr., retired Co-President of Mars Inc., has died in Seattle, Washington, due to complications from a heart attack at the age of 84. Milky Ways, Snickers, M&Ms, Whiskas and Pedigree are known around the world, but the man credited with that global expansion was a mystery, and that was just the
George Weston Ltd
Fourth-generation member named CEO at Canadian company – January 2017
Fourth-generation member Galen G. Weston has been named CEO of George Weston Ltd, Canada’s largest food and drug retail business and the country’s largest private sector employer. He has been the company’s Chairman since September 2016, when his father W. Galen Weston stepped down from the post. Galen G. Weston is also Chairman and CEO of the company’s largest subsidiary Loblaw Companies Ltd. Paviter Binning, who had been CEO of George Weston Ltd since March 2016, has been named as a special advisor to the Weston family’s private investment firm Wittington Investments Ltd.

Belk Inc.
Belk CEO to retire; new owners name successor – June 2016
Tim Belk, the third-generation CEO of Belk Inc., will retire from the Charlotte-based retail chain in North Carolina less than a year after it was acquired by Sycamore Partners for US$3 billion. He had been with the company for more than 35 years and had been CEO since 2004. Tim will work with his successor – Lisa Harper, the former CEO of Hot Topic – during a transition period in July before leaving the company. Belk Inc., founded in 1888, was the nation’s largest family-owned and -operated department store chain, with 293 stores in 16 southern states and a growing online presence.

Publix Super Markets
Publix founder’s daughter, diagnosed with Alzheimer’s, leaves board – June 2016
Carol Jenkins Barnett, aged 59 and daughter of Publix Super Markets founder George Jenkins, has been diagnosed with early-onset Alzheimer’s disease and is leaving the Publix Board. She is Chairman and President of Publix Super Markets Charities, and will continue to serve on the charities board. Carol has served on Publix Super Markets’ Board for more than 33 years. Publix is now owned and operated by its 180,500 employees.

Bechtel Group Inc.
Young fifth-generation member named Bechtel CEO – June 2016
Fifth-generation member Brendan Bechtel, aged 35, has been named CEO of Bechtel Group Inc., one of the US’s largest private companies. Brendan, currently the company’s President and COO, assumed the CEO role on 1 September 2016. He will succeed non-family member Bill Dudley, who will stay on as Vice Chairman. Brendan’s father Riley Bechtel had been expected to serve as CEO until the end of 2017 (the year of his 65th birthday) but was diagnosed with Parkinson’s disease in early 2014. The training period for Brendan was accelerated while Dudley moved into the CEO position and Riley remained as Chairman.

Source: Factiva.

Some of the oldest family businesses among the top 139 in North America

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<tr>
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</thead>
<tbody>
<tr>
<td>Dole Food Company, Inc.</td>
<td>1851</td>
<td>Murdock</td>
<td>Agriculture</td>
<td>Thousand Oaks</td>
<td>US</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cargill, Inc.</td>
<td>1865</td>
<td>Cargill</td>
<td>Trading</td>
<td>Minnetonka</td>
<td>US</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milliken &amp; Company</td>
<td>1865</td>
<td>Milliken</td>
<td>Specialty chemical, floor covering and</td>
<td>Spartanburg</td>
<td>US</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campbell Soup Co</td>
<td>1869</td>
<td>Dorrance</td>
<td>Canned soups and related products</td>
<td>Camden</td>
<td>US</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brown-Forman Corp</td>
<td>1870</td>
<td>Brown</td>
<td>Spirits and wine</td>
<td>Louisville</td>
<td>US</td>
<td></td>
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Source: Global Family Business Index.

Way he liked it. Forrest Mars Jr. was the 27th-richest person in the world with a net worth of US$23.4 billion, according to Forbes. Third-generation family members – Forrest, brother John and sister Jacqueline – inherited the family confectionery business from their father. Together, the siblings grew an already-significant American business into one of the world’s largest and most renowned family firms, boosting sales from US$1 billion to US$35 billion and providing 80,000 jobs in 78 countries.

2 July 2016
Multibillionaire Jack Taylor, who went from Navy fighter pilot during World War II to founder of the largest US rental car company Enterprise Rent-a-Car, has passed away after a short illness. He was 94 years old. The Missouri-born businessman got his break in 1957 after founding the precursor business Executive Leasing from the basement of a Cadillac dealership in St. Louis, where he worked as a salesman. Today, Enterprise Holding, the parent company of Enterprise Rent-a-Car and several subsidiaries, is the 11th-largest privately owned family business in the US, with revenues of US$19.4 billion in 2015, according to the University of St. Gallen’s Global Family Business Index.
## Family business growth accelerators in North America

The popular myth about family businesses is that they grow slowly, over a long period. Our family business growth accelerators confound this myth by showing that family businesses have not only sustained growth but accelerated it too.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Rank in the Global Family Business Index</th>
<th>Headquarters</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>202</td>
<td>Oregon, US</td>
<td>Lithia Motors, Inc.</td>
</tr>
<tr>
<td>2</td>
<td>162</td>
<td>Florida, US</td>
<td>Lennar Corporation</td>
</tr>
<tr>
<td>3</td>
<td>420</td>
<td>Minnesota, US</td>
<td>M. A. Mortenson Companies, Inc.</td>
</tr>
<tr>
<td>5</td>
<td>412</td>
<td>Massachusetts, US</td>
<td>New Balance, Inc.</td>
</tr>
<tr>
<td>6</td>
<td>395</td>
<td>Massachusetts, US</td>
<td>The Kraft Group LLC</td>
</tr>
<tr>
<td>8</td>
<td>123</td>
<td>Michigan, US</td>
<td>Gordon Food Services Inc.</td>
</tr>
<tr>
<td>9</td>
<td>312</td>
<td>California, US</td>
<td>The Wonderful Company LLC</td>
</tr>
<tr>
<td>10</td>
<td>364</td>
<td>Wisconsin, US</td>
<td>Ashley Furniture Industries, Inc.</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business; Factiva; OneSource; CapitalIQ; PrivCo.
Between 2012 and 2015... and created 30,850 new jobs...
... and realized additional revenues of US$26.1b.

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<tbody>
<tr>
<td>1</td>
<td>3.3</td>
<td>7.9</td>
<td>33.3</td>
<td>5,043</td>
<td>9,574</td>
<td>DeBoer; 100.0%</td>
<td>1946</td>
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<tr>
<td>2</td>
<td>4.1</td>
<td>9.5</td>
<td>32.4</td>
<td>4,722</td>
<td>7,749</td>
<td>Miller; 68.4%</td>
<td>1954</td>
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<tr>
<td>3</td>
<td>2.2</td>
<td>3.7</td>
<td>18.2</td>
<td>2,117</td>
<td>5,459</td>
<td>Mortenson; 100.0%</td>
<td>1954</td>
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<tr>
<td>4</td>
<td>5.1</td>
<td>8.1</td>
<td>17</td>
<td>8,619</td>
<td>13,912</td>
<td>Mills; 100.0%</td>
<td>1966</td>
</tr>
<tr>
<td>5</td>
<td>2.4</td>
<td>3.7</td>
<td>15.7</td>
<td>4,000</td>
<td>5,000</td>
<td>Davis; 100.0%</td>
<td>1906</td>
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<td>6</td>
<td>2.6</td>
<td>3.9</td>
<td>15.2</td>
<td>8,500</td>
<td>10,000</td>
<td>Kraft; 100.0%</td>
<td>1972</td>
</tr>
<tr>
<td>7</td>
<td>4.5</td>
<td>6.8</td>
<td>15.2</td>
<td>2,025</td>
<td>3,200</td>
<td>Lee; 60.0%</td>
<td>1989</td>
</tr>
<tr>
<td>8</td>
<td>8.6</td>
<td>12.6</td>
<td>13.6</td>
<td>13,000</td>
<td>17,000</td>
<td>Gordon; 100.0%</td>
<td>1897</td>
</tr>
<tr>
<td>9</td>
<td>3.3</td>
<td>4.8</td>
<td>13.3</td>
<td>5,400</td>
<td>7,800</td>
<td>Resnick; 100.0%</td>
<td>1979</td>
</tr>
<tr>
<td>10</td>
<td>3.0</td>
<td>4.2</td>
<td>11.7</td>
<td>18,000</td>
<td>22,582</td>
<td>Wanek; 85.0%</td>
<td>1945</td>
</tr>
</tbody>
</table>

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. *Compound annual growth rate
Robyn Eddy
Eddy Group

When it comes to having strong connections with the community, the Eddy Group must be among the foremost companies in Canada. The New Brunswick-based construction wholesale group has been an intrinsic part of its community for four generations. Robyn Eddy, its President, maintains the company’s links to its stakeholders. A big believer in the importance of Eddy’s well-defined corporate culture, Robyn has successfully balanced the demands of the family shareholders with the growth of a dynamic business to create one of Canada’s finest family firms.
“The most important factor in the success of a family business is trust between key family members, customers, management and our team.”

Robyn Eddy,
President, Eddy Group
Robyn Eddy did not have much time for the family business when she left university. “Back then, I vowed not to join it,” she says. “The family business just did not seem very exciting or a very good fit for me.” Instead, she worked in the hotel world and rarely gave the family firm a second thought.

But, in her mid-thirties, she began to change her mind. Asked by the family to lend a hand, Robyn agreed and began to realize the legacy the Eddy Group had in the community, and what opportunities the family business could offer someone with a desire for a rewarding career. After making the decision to join, Robyn and the company got on well enough that she eventually became its President. And today, Robyn’s efforts have helped to create one of Canada’s finest family businesses.

The Eddy Group is a wholesale distribution company in the construction sector. Employing around 145 people in the Canadian Maritimes provinces of New Brunswick and Nova Scotia, it is a classic midsized family business with strong links to the communities it works in. Robyn now represents the fourth generation of family ownership and control. Her great-grandfather George Eddy of Bathurst, New Brunswick, got started as a wheelwright in the late 19th century and, in 1909, he incorporated the George Eddy Company, which eventually became the Eddy Group. At that time, the business was a typical frontier firm, offering various skills, products and services to a fast-growing country. The company had a sawmill and a millwork shop, as well as a carriage shop and a flour mill.

Many family members

George brought his son Chesley George Eddy into the business, and he ran the company from World War I through to the 1960s. He developed the lumber and forestry side of the company, and became known as the “the Boss” due to his determination to get things done. Chesley was, in many ways, the archetypal second-generation leader of a family business, taking a company started by his father onto a much faster
growth path through ambitious expansion efforts. He was helped enormously by his children: he and his wife Grace had 11 in all, 9 of them boys. “Part of the reason for the success of the business back then was that there were so many family members to help out,” says Robyn.

From the 1950s onward, Chesley — aided by six of his sons — focused more on the sales and distribution of building materials, hardware and plumbing, mechanical, electrical and municipal supplies, while new branches were opened in Nova Scotia. Gradually, the management passed to those of Chesley’s sons who worked in the business, and they took it to a new level of development. The fourth generation joined the Eddy Group in the 1980s, and Robyn became President in 2007. “Soon after coming into the business, to my surprise, I got hooked,” she says. “I began to realize the business was so dynamic. Of course, there were challenges, not least to balance the demands of the business with the family side.”

To help achieve this balance and to ensure that the Eddy Group continued to prosper, the company borrowed some of the governance and related practices of publicly traded firms. “We have quarterly board meetings, fairly detailed quarterly reporting, dividend and debt policies, a Formal Board and an Executive Committee, which helps to partially separate the relationship of the family and the business from day-to-day operations. The Executive Committee consists of several non-family members.” The Formal Board, says Robyn, is designed to maintain the stability of the culture, and stewardship remains a top priority.

Stakeholder harmony

Robyn believes that, in a business the size of the Eddy Group, it is very important to ensure that family harmony is maintained. “The company is not big enough to split up 10 ways,” she says (there are approximately 10 main family shareholders of the 100% family-owned business). Harmony is also maintained by a
Robyn, pictured here with the past family business leaders, represents the fourth generation of family ownership and control.

The opening of the Kentville Nova Scotia location involved, from left to right: Jody MacDonald, Vice President of Sales; Keith Assaff, Vice-President of Operations and CFO; Robyn; the Mayor of Kentville Nova Scotia, Dave Corkum; and Mark Connors, Branch Manager.
“We innovate in our processes by making sure our business and our people are flexible in meeting the demands of our suppliers and customers. It is a lot about relationships, and we need to be constantly responsive to these relationships.”

Robyn Eddy

A strong bond between the company and its other stakeholders – its employees and customers, and the communities it operates in. “I have worked in other businesses, but probably the most important factor in the success of a family business is trust between key family members, customers, management and our team,” says Robyn. “I have found, when anyone is talking to me, whether I am recruiting, speaking to a supplier or talking to a peer company across Canada, they pay more attention to me because they know I have more skin in the game. It has made a significant difference in the relationships we have been able to build.”

But Eddy’s commitment to its stakeholders would be worth little if the business did not continue to thrive. So how does a fourth-generation family business in construction sales and distribution continue to be entrepreneurial and innovative? Robyn thinks this is helped by the Eddy Group’s culture of flexibility – mostly by its commitment to the quality and experience of its people. “We innovate in our processes by making sure our business and our people are flexible in meeting the demands of our suppliers and customers. It is a lot about relationships, and we need to be constantly responsive to these relationships.”

Those beliefs, coupled with the Eddy Group’s culture, will help to engage future generations of the family. Already, Robyn’s daughter works in the business, and some other members of the fifth generation are also employees. Robyn says the Eddy Group is very careful about bringing in family members. “When a family member joins, there can be no sense of entitlement. No one is treated differently from any other employee.”

A commonsense approach to business, based on all the best qualities of stewardship, means that Robyn’s words carry real weight when they are related to the family’s role in the business. These factors, combined with a culture that has been created over four generations of the Eddy family, will hopefully see the Eddy Group prosper for generations into the future. That is the greatest legacy any family business can have.

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**Robyn Eddy**  
**President**

<table>
<thead>
<tr>
<th>Company name:</th>
<th>Eddy Group</th>
</tr>
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<tbody>
<tr>
<td>Generation:</td>
<td>Fourth</td>
</tr>
<tr>
<td>Founded:</td>
<td>1909 in New Brunswick, Canada</td>
</tr>
<tr>
<td>Industry:</td>
<td>Construction</td>
</tr>
<tr>
<td>Employees (2016):</td>
<td>145</td>
</tr>
</tbody>
</table>
Donald A. Wheaton
Wheaton Group

Big companies often start in very small places. The Wheaton Group began in a small town called Porcupine Plain in the middle of Canada, and today is one of the biggest car dealership groups in the entire country. Founded by Donald Wheaton Sr. in the 1950s, the group is now controlled by the second generation of the Wheaton family, with Donald A. Wheaton as its President and CEO. A strong set of values, combined with innovation and diversification into other sectors, has created one of Canada’s outstanding family businesses.
“My father took eight of his kids to work with him at the dealership. The business became, in many ways, our lives.”

Donald A. Wheaton, President and CEO, Wheaton Group
If you are buying a car in Western Canada, the chances are you have come across one of the Wheaton dealerships. The Wheaton Group is one of the biggest auto retailers in the country and is particularly prominent in the provinces of Alberta, British Columbia and Saskatchewan, with 19 dealerships in all. It is a highly successful family business, overseen by second-generation family member Donald A. Wheaton, the group’s President and CEO.

Wheaton Group is based in Edmonton, Alberta, and sells a host of big automaker brands such as GMC, Cadillac, Buick, Chevrolet, Honda, Toyota, Kia and Mercedes. The Wheaton family also owns an insurance group, which is branded under the name First Canadian Group of Companies. These companies have become Canada’s largest credit life and disability insurance provider in the automotive space. In addition to this, the family owns General Bank of Canada, which is involved in commercial lending across the country. The Wheaton Group of Companies, of which Donald is President, is the umbrella group for all these businesses, and it also oversees the family’s interests in aviation, retailing and property.

The Wheaton family business story began in the 1950s when Donald’s father, Don Sr., became Partner in a general store in Porcupine Plain, Saskatchewan. In 1955, he became part owner of a General Motors (GM) dealership in the town and, a year later, its sole owner. Seeing Don Sr. was good at his job, GM moved him to Edmonton, where he opened Don Wheaton Chev Olds on Whyte Avenue, which is still a Wheaton dealership today, Don Sr. and his wife had eight children, and most of them followed their father into the automotive business, including Donald. “I grew up with the business and worked through many of my summers when I was at school,” he says. “My father took eight of his kids to work with him at the dealership. The business became, in many ways, our lives.”

Many shareholders

After university, Donald joined Wheaton full time, linking up with three of his siblings who already worked there. Today, all eight children of Don Sr. are shareholders in the business. In the mid-1980s, Don Sr. and the second generation created First Canadian Insurance Corporate to offer insurance to car buyers. And in 2005, the Wheaton family set up General Bank of Canada. “Our first loan was made in July 2005,”

01 The 1980s General Motors Dealership in Vancouver; 02 Marion R. Wheaton, matriarch of the Wheaton family, pictured in 1962.
says Donald. General is now the only privately controlled bank in Canada, with a sales force spread across the country from British Columbia to Ontario.

As the business has grown, and more family members have come into the Wheaton Group of Companies, there is a greater need for robust family and corporate structures, says Donald. There are now 34 members of the third generation, and Donald’s son Don Wheaton III is among a group of them currently employed in the family business. “One of the things we have been working on over the last seven years has been the transition to the third generation. And, through this process, we have realized that bringing in the next generation was all about good family governance,” says Donald.

Up until recently, Donald and his seven siblings were all shareholders in the one company. That meant no one could do a deal without the agreement of all the others, says Donald. But, in an effort to allow for more autonomy and improve family governance, eight separate family units have now been created, with each of the members of the second generation responsible for their own unit. “We have created the units so that we can empower each of our siblings to make it attractive to bring their children into the business,” says Donald. “Each of our eight units is a separate business.” Donald adds that the eight-units idea was designed to create family harmony. “We wanted to get away from the prospect of picking winners and losers. If a member of the next generation wants to come into the family business, they partner with their parent, not me.”

All of the eight family groups are voting shareholders in the corporate group, says Donald. But, in order to avoid 34 members of the third generation discussing the strategic direction of the business on the board, each of the eight family units, at their sole discretion, selects 1 member to represent them at board level, fully authorized to exercise all powers as if an individual shareholder of the corporation. “This means the overall board for the group will remain at eight family members. I think we have got this part of the business model solved for at least another generation.”
Don Sr. and Marion R. Wheaton pictured on their 50th wedding anniversary in 1998.

The grand opening of the Larwood Shaw Memorial Pool project initiated by the Wheaton family and named after Don Sr.’s original business partners.

The General Motors dealership lot in Saskatchewan.
“One of the things we have been working on over the last seven years has been the transition to the third generation. And, through this process, we have realized that bringing in the next generation was all about good family governance.”

Donald A. Wheaton

Autonomous cars

Donald and the Wheaton family might have sorted their family governance issues for the next 50 years, but what about the business side? How is a group of companies predominantly based on the automobile going to adapt to the industry’s huge upcoming challenges, such as self-driving cars? “We have to ask questions such as, ‘Who’s going to insure cars when the cars don’t need drivers any more?’ and ‘How will customers view cars in the future – will the car drive to them?’” he says. “We are constantly looking at how our marketplace is changing and how we can stay ahead.” But if the past is any guide, having seen the family diversify very successfully into other sectors, there would appear to be no shortage of entrepreneurial skills to take them forward.

One thing is for sure: the Wheaton family is likely to get a lot of support from stakeholders in the community. Across three generations, the family been big contributors to the United Way campaigns in Canada, which help to improve the lives of individuals in their community. “My father always said that, out of every eight-hour work day, one hour was always to be spent giving back to the community,” says Donald. “He passed on to our generation the obligation to carry on that support, and we are passing that on to the next generation.”

With its strong set of values and governance structures, the Wheaton Group of Companies is well set to prosper as a family business for many years to come. And as the third generation take their place at the helm of the various Wheaton businesses, they can draw plenty of inspiration from the two generations that preceded them. That is a pretty good legacy for the two Donalds to look back on.
Trisha Lemery
Winsert, Inc.

Winsert is a leading global provider of innovative alloy solutions to a variety of industries. It is also a second-generation family business that exemplifies the strong bond between a father and daughter and has created a world-beating manufacturer in the space of just 40 years. Based in a small town in Wisconsin, Winsert is also intrinsically linked to its community and has strong connections with all its stakeholders.
“I love being a family business. When I was little, I loved what my dad was doing, and I know he had such pride passing the business over to me.”

Trisha Lemery, President and CEO, Wininsert, Inc.
Trisha Lemery has little doubt about the importance of family businesses, stating: “I think they are the heartbeat of America.” She is infinitely well qualified to say this because she runs a very successful one, set up by her father 40 years ago and now a world-class manufacturer of specialized alloys, which are exported around the world. Indeed, Winsert is an example of the thriving, midsized family businesses that are the heartbeat not only of America but of much of the rest of the world as well.

Based in Marinette, Wisconsin, 260 miles north of Chicago, Winsert manufactures wear-, corrosion- and heat-resistant alloy components for applications such as internal combustion engines, power generation, emission controls, industrial valves, forestry and food processing. Winsert’s patented and proprietary alloys are designed to replace costly cobalt and nickel-base alloys and have proven to increase performance while reducing the cost of the components. Indeed, the
alloy maker has seven approved patents and seven patents pending, says Trisha, which is a virtually unheard of number for a company of its size. Winert is, in many ways, the ultimate widget maker—manufacturing products that are little known except within a very specialized sector, but crucial to the smooth running of the global economy.

Winert began back in 1977 when Trisha's father Stephen Dickinson, an engineer with an entrepreneurial spirit, decided to go out on his own and start Winert. “He was 29, married, and had three small kids,” says Trisha. “Taking that sort of risk back then, when the economy was weak and at his age, was, frankly, pretty stunning.” But beyond his specialist knowledge, Stephen did have one other advantage—the support of his father Donald Dickinson, who worked for his son until his retirement in 1986. By that time, Winert was well on its way to being a successful manufacturing business.

Father-daughter bond

Trisha's own journey into the family business was, in many ways, a standard one for a second-generation member of a business family. She worked part time on the shop floor while still at high school and later on during college vacations. Unsure of what she wanted to do after leaving college, Trisha's father said she needed experience in the real world before even thinking of joining Winert. So Trisha spent a year working for a hospice in South Carolina before coming back and joining Winert officially in 1993. But her journey into the business was completely unconventional in one way—she had majored in English in college and was joining a business that was all about precision engineering and science. However, Trisha says her kind of education was actually beneficial. “To have someone like me with a Liberal Arts degree run a company is an advantage. I don't get bogged down in all the detail. I can get out of the weeds and make decisions quickly.” That ability to see the bigger picture is something that has defined Trisha's leadership skills at Winert. Before she took a more senior role in the business, the company was pretty much a one-product firm, and it was through her efforts that the family business grew into a multifaceted manufacturer of alloys and became a solutions provider to many industries.

“I saw the vision,” she says. “My dad of course had a vision, but he didn't know how to diversify the business—but I had that vision. I could see how to take the technology forward by using it in different components within an engine and beyond.” Stephen very much bought into his daughter's vision and, in 2008, handed over the CEO position to her, beginning a new chapter in the success of Winert.

Stephen is still deeply involved with the business as Chairman of the Board of Directors, and he speaks to Trisha at least once a day. The relationship between the two continues to be very strong and is emblematic of how both of them feel about Winert. “I love being a family business,” says Trisha. “When I was little, I loved what my dad was doing, and I know he had such pride passing the business over to me.” Trisha's brother Paul Dickinson also works at Winert—as an engineer—and her sister used to work there but is now a very happy stay-at-home mum, says Trisha.
Stephen is still deeply involved with the business as Chairman of the Board of Directors, and he speaks to Trisha at least once a day.

The R&D department has grown from a one-person office to a newly purpose-built, 10,000-square-foot facility with 12 staff.

Winsert specializes in engineering ultra-strong metal alloys that are resistant to wear, heat and corrosion. It manufactures a wide array of products, from valve seat inserts and EGR components to cutting blades.
“My dad of course had a vision, but he didn’t know how to diversify the business – but I had that vision. I could see how to take the technology forward by using it in different components within an engine and beyond.”

Trisha Lemery

The bond between the family is strong, but so too is the bond between Winsert and its stakeholders. “It gets said too much, but we really do treat our employees like an extended family,” says Trisha. And being in a relatively small community makes that bond even stronger – and much closer. Her kids go to school with many of the children of Winsert’s employees. “When I do my grocery shopping, I meet with our staff. You’re connected with them so much through the community.”

That bond was, in many ways, strengthened when the business hit a rough spot during the global recession of 2008 and 2009, shortly after Trisha became CEO. Sales dropped by 67% and some staff were laid off. But it is a testament to Trisha’s grit and determination that Winsert pulled through those tough years and began to flourish again shortly afterward, largely due to her push on product diversification.

What about the next generation? Will that strong bond between father and daughter be copied by future generations in terms of how the business is run? Well, Trisha’s son already works part time at Winsert, as does her brother Paul’s daughters. Although there is no formal next-generation succession plan, Trisha says that jobs for the next generation are not guaranteed. “You don’t want to put a family member in just because they are a family member.” And she acknowledges that, as the business gets bigger, the pressure to bring in more formal succession structures will grow. That may be the case, but the example set by two generations at Winsert might be the best guarantee for the business to stay in family hands for many generations to come, and to continue to flourish as a result.

Ten thousand square feet of innovation

A big commitment to innovation is central to Winsert’s strength as a business. Much of that has happened under Trisha’s leadership, and the R&D department has grown from a one-person office to a newly purpose-built, 10,000-square-foot facility, which is named after her father. With 12 staff, the R&D department is headed by Dr. Xuecheng Liang, a world-renowned metallurgist. “Innovation is the reason why Winsert has remained world class and relevant,” says Trisha. “It has become our core competency.”

<table>
<thead>
<tr>
<th>Trisha Lemery</th>
</tr>
</thead>
<tbody>
<tr>
<td>President and CEO</td>
</tr>
</tbody>
</table>

Company name: Winsert, Inc.

| Generation: | Second |

| Founded: | 1977 in Wisconsin, US |

| Industry: | Manufacturing |

Employees (2016): 205
Kris Kowalski Christiansen and Mary Anne Kowalski
Kowalski’s Markets

To compete and win in the highly competitive world of grocery retailing, it is important to offer something special. Kowalski’s Markets has done exactly that and established itself among the best upmarket grocery shopping experiences in the Twin Cities of Minneapolis and Saint Paul in Minnesota. It all started when Mary Anne Kowalski and her late husband Jim used their life savings and a loan from a friend to buy a local branch of a supermarket chain in 1983. A few years later, the two launched their own brand – Kowalski’s Markets – and from there they grew the business through their vision, hard work and impressive commitment to all their stakeholders.

Today, Kowalski’s Markets has 11 stores and 1,450 employees, and has firmly established itself as a recognized quality retail brand in the Minneapolis-St. Paul area. Kowalski’s has distinguished itself by offering quality products and working with local producers to ensure the best and freshest products. Kowalski’s store layout, loosely based on European village markets, introduced a unique shopping experience that was popular with its customers. And the concept has since been copied by many others.

Kris Kowalski Christiansen, Mary Anne’s daughter, joined the company in 1990 to continue the family’s commitment to the business and is now COO of the group. When it comes to involving stakeholders in the business, Kowalski’s Markets could be used as a case study of how this can work successfully in practice. From the employees to the local community and the family shareholders, Kowalski’s Markets goes to great lengths to treat all its stakeholders fairly and with respect.

The group fosters loyalty by engaging employees in decision-making and seeking feedback through focus groups, surveys and tastings. Christiansen and Kowalski have built a solid operational infrastructure to reach their objective to be a community asset, focused on the common good. Christiansen champions Kowalski’s as a civic leader, from serving as a good neighbor to making generous contributions to causes such as Kowalski’s 4 Kids foundation.

Carter Hamilton Sterling
Sterling Lumber Company

Sterling Lumber Company, a family-owned company that makes crane mats and industrial lumber, is one of the fastest-growing businesses in Illinois. In the five-year period up to 2016, the Phoenix-based company grew by an impressive 569%. At the heart of its success is a family business now run by the third generation and led by Carter Sterling as CEO, with his three brothers and his father John. The business was founded by Gerhardt Sterling in 1949 in Phoenix, a suburb of Chicago.

Also behind Sterling Lumber’s success is a strong commitment to innovation. R&D
Sidney Robert Brown
NFI

Sid Brown believes outside experience is essential for any family member wanting to work for NFI. In fact, it is mandated that relatives interested in working at NFI – a supply chain company based in Cherry Hill, New Jersey – must spend at least four years employed elsewhere before being eligible to join the family business. Brown believes such outside experience builds perspective and opens the doors of opportunity and promotion to all employees. And he can lead by example. Armed with an MBA from Harvard, Brown worked on Wall Street as an analyst before co-founding a bank and working as its interim CEO and Chairman.

But it was always Brown’s intention to come back to the family business his grandfather Israel Brown founded in 1932 in Vineland, New Jersey. Not only did he do that but, as CEO and with his two brothers Ike and Jeff alongside him, he led the company into a new period of strong growth and dynamism. He helped NFI through difficult times by expanding a business that was focused mainly on trucking into a supply chain company with an integrated line of services, including real estate, transportation management solutions, global operations and warehousing.

With around 8,000 employees and annual revenues of US$1 billion-plus, NFI today is one of the leading logistics companies in North America, and has grown by an average of 20% annually since 2000. As a family-owned company, NFI recognizes the importance of giving back to the community. Social responsibility is one of the its most important values, and the company participates in, and donates funds and services to, many charitable events and several foundations each year. Now employing a member from the fourth generation of the family, NFI looks set to prosper for many years to come as a great example of a family business.
EY Family Business Award of Excellence

Winners
“Family businesses in Latin America continue to be the backbone of all the economies in the region, driving at least two-thirds of private sector activity.”
Family businesses in Latin America continue to be the backbone of all the economies in the region, driving at least two-thirds of private sector activity. Companies such as Recamier in Colombia and Grupo Ultra in Brazil – both featured in the yearbook – are role models for the region’s family businesses, as well as for the whole corporate sector. Latin American countries can often see economic growth vary dramatically from year to year as they make the transition from developing to fully developed economies. With their emphasis on long-term goals rather than short-term profit, family businesses are more resilient and better able to absorb downturns and resist laying off workers when times are tough. That helps provide stability in countries where economic growth can sometimes be volatile.

Although companies such as Recamier and Grupo Ultra exemplify sound corporate and family governance, many family businesses in the region still have some way to go to match their high standards. Of course, sometimes that is not a problem, as family businesses can thrive and innovate without formal governance structures, but better governance often serves to improve performance. And this is one area that definitely needs more attention. Family businesses have a distinct entrepreneurial spirit – it is in their blood. But combining that spirit with more effective governance is still a challenge for many of them.

Few of the region’s family businesses have succession plans. And when they do, they typically rely on the old-fashioned approach of passing the business on to the eldest son. But that is changing. I see more women taking on senior board roles in the Latin American corporate sector. And that is being noted by family businesses, which are also making changes. The role of non-family C-level executives in family businesses in the region is still in its infancy, and reform is needed here. For example, when it comes to bringing non-family members into senior positions, some less-developed family businesses might have an attitude that they cannot be paid more than family members. If Latin American family businesses are to prosper in the years ahead, they will need to abandon that approach and start trusting outsiders to guide them and even to manage their businesses outright.

The entire corporate sector in the region is concerned about external changes, such as the new President in the US, Brexit, climate change and the slowdown of economic growth in China. Like any business, family businesses prefer certainty, and these developments have not helped to foster this on a global level. Companies that are dependent on export markets are particularly worried.

But sometimes, these uncertainties can lead to greater innovation and entrepreneurship. For example, a company such as Recamier in Colombia has always been able to turn adversity into success. And many of the region’s family businesses show that same mentality, which is part of their winning formula. It means that they will continue to flourish, whatever headwinds they experience in the future.

Beatriz Boza
beatriz.boza@pe.ey.com
### The largest family businesses in Latin America

The top 10 family businesses generated approximately US$250.8 billion of Latin America's GDP of US$5.3 trillion in 2015 and employed more than 1.2 million people.

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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>América Móvil SAB de CV</td>
<td>51.9</td>
<td>195,475</td>
<td>Slim</td>
<td>61.4%</td>
<td>Yes</td>
<td>Mexico</td>
</tr>
<tr>
<td>2</td>
<td>JBS SA</td>
<td>41.1</td>
<td>238,000</td>
<td>Batista</td>
<td>42.4%</td>
<td>Yes</td>
<td>Brazil</td>
</tr>
<tr>
<td>3</td>
<td>Odebrecht SA</td>
<td>33.5</td>
<td>128,000</td>
<td>Odebrecht and Gradin</td>
<td>&gt;82.0%</td>
<td>No</td>
<td>Brazil</td>
</tr>
<tr>
<td>4</td>
<td>Andrade Gutierrez SA</td>
<td>28.3</td>
<td>223,000</td>
<td>Andrade and Gutierrez</td>
<td>&gt;50.0%</td>
<td>No</td>
<td>Brazil</td>
</tr>
<tr>
<td>5</td>
<td>AntarChile SA</td>
<td>18.2</td>
<td>17,398</td>
<td>Angelini</td>
<td>63.4%</td>
<td>Yes</td>
<td>Chile</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.
The top 37 family businesses in Latin America

Generated
US$414.3b in revenues (7.9% of Latin America’s GDP)

Employ
2,308,427 people (0.8% of Latin America’s workforce)

Realize
US$344.2b of market capitalization

Are, on average, 77.1 years old

78.4% are public listed companies

The top 3 industry sectors are:

12
Consumer products and retail

5
Professional firms and services

5
Mining and metals

The top 3 countries are:

14
Mexico

12
Brazil

6
Chile

Source: Global Family Business Index and Oxford Economics information; revenue and number of employee figures as of 2015; market capitalization as of 31 December 2016.

Some interesting anniversaries

<table>
<thead>
<tr>
<th>Anniversary</th>
<th>Company</th>
<th>Family</th>
<th>Industry</th>
<th>Headquarters</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>130</td>
<td>Grupo Bal, SA de CV</td>
<td>Baillères González</td>
<td>Conglomerate</td>
<td>Mexico City</td>
<td>Mexico</td>
</tr>
<tr>
<td>130</td>
<td>Industrias Peñoles, SAB de CV</td>
<td>Baillères</td>
<td>Mining</td>
<td>Mexico City</td>
<td>Mexico</td>
</tr>
<tr>
<td>125</td>
<td>Grupo Casa Saba, SAB de CV</td>
<td>Saba</td>
<td>Pharmaceutical distributor</td>
<td>Mexico City</td>
<td>Mexico</td>
</tr>
<tr>
<td>75</td>
<td>Grupo México, SAB de CV</td>
<td>Germán Larrea Mota-Velasco</td>
<td>Mining</td>
<td>Mexico City</td>
<td>Mexico</td>
</tr>
<tr>
<td>60</td>
<td>Quiñenco SA</td>
<td>Luksic</td>
<td>Conglomerate</td>
<td>Santiago</td>
<td>Chile</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. Revenue, number of employees and shareholding information as of 2015.

Empresas COPEC SA

Itaú Unibanco Banco Mutíplo SA

Cencosud SA

Banco Bradesco SA

Cemex SAB de CV

18.2
17.8
15.5
13.2
13.1

14,922
90,320
140,474
92,861
43,000

Angelini
Moreira Salles and Souza Aranha
Paulmann
Aguiar
Zambrano

38.5%
44.9%
62.0%
48.4%
33.0%

Yes
Yes
Yes
Yes
Yes

Chile
Brazil
Chile
Brazil
Mexico
Some recent M&A deals involving Latin American family businesses

<table>
<thead>
<tr>
<th>Date</th>
<th>Company/Deal Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2016</td>
<td>Suzano Papel e Celulose SA</td>
</tr>
<tr>
<td>Brazil</td>
<td>The Feffer family, which has a controlling share in the Brazilian pulp and paper producer Suzano Papel e Celulose SA, may consider splitting control in a sector consolidation deal. Walter Schalka, the group's CEO, indicated in 2016 that Brazil's pulp and paper industry is expected to face a consolidation wave, as excess capacity has cut prices to record lows in the last two decades. Recent speculations point to a possible merger between Suzano and Fibria Celulose SA. The latter has also been rumored to be considering a tie-up with Eldorado Brasil Celulose SA. To date, no official discussions have been revealed. Schalka noted that the combination of two or more pulp companies is just one of the ways to reshape the embattled sector. The sector's woes have had a negative impact on Suzano's financial results. In the third quarter of 2016, the company's net revenue was US$639.9 million, marking a 27% decline year on year.</td>
</tr>
<tr>
<td>July 2016</td>
<td>Ripley Corp SA</td>
</tr>
<tr>
<td>Chile</td>
<td>El Puerto de Liverpool SAB de CV, a Mexico-based operator of department stores, has entered into an agreement to acquire Ripley Corp SA – a Chile-based company engaged in the retail sales of apparel, accessories and home products – from the Calderón family for US$1.2 billion, at US$0.63 per share. The offer represents a premium of about 25% to Ripley's closing price on the Santiago Stock Exchange on 5 July 2016. The transaction includes an option for El Puerto to buy additional shares five years after completion of the transaction.</td>
</tr>
<tr>
<td>July 2016</td>
<td>Lupo SA</td>
</tr>
<tr>
<td>Brazil</td>
<td>Lupo announced a deal to buy rival underwear manufacturer Scalina. According to Lupo, the completion of the deal will take place after approval by Brazil's Administrative Council for Economic Defense. The financial details of the transaction were not disclosed, but a knowledgeable source said that the value of the operation was about US$43.9 million. Scalina underwear is sold in Scala’s 100-plus franchised stores in malls throughout Brazil. The company employs more than 4,500 people and has three factories. Lupo, a family-controlled company, sells men's and women's underwear, as well as sports apparel and other accessories, in more than 300 shops.</td>
</tr>
<tr>
<td>March 2016</td>
<td>Grupo Televisa de SA de CV</td>
</tr>
<tr>
<td>Mexico</td>
<td>Grupo Televisa de SA de CV is a listed Mexico-based media group involved in television, publishing and radio. It has agreed to acquire a 50% stake in Television Internacional SA de CV, the Mexico-based company that provides cable television, internet access, telephony services and bidirectional data transmission, from Multimedios Estrellas de Oro SA de CV, the Mexico-based media and entertainment company, for a consideration worth US$70.4 million. As a result of this transaction, Grupo Televisa will own a 100% stake in Television Internacional and will be able to exploit efficiencies and economies of scale among its five cable operations in Mexico, expanding the double- and triple-pay offerings of its subsidiary Izzi Telecom.</td>
</tr>
<tr>
<td>March 2016</td>
<td>Inversora Carso SA de CV</td>
</tr>
<tr>
<td>Mexico</td>
<td>Inversora Carso SA de CV and Esther Koplowitz have agreed to acquire an undisclosed stake in Fomento de Construcciones y Contratas SA (FCC), via capital increase. Inversora Carso SA de CV, the Mexico-based investment company controlled by Carlos Slim, has interests in companies engaged in construction, environmental services, and the renewable energy sector. FCC, a listed construction company headquartered in Madrid, is engaged in similar sectors. The transaction is in line with FCC’s strategy of strengthening its capital and reducing its indebtedness.</td>
</tr>
</tbody>
</table>

Source: ThomsonOne.

Selected obituaries

We take this opportunity to remember some of the famous family entrepreneurs who died in the last year:

3 February 2017
Mexican bakery magnate Lorenzo Servitje has died at the age of 98, after building his Grupo Bimbo into an international snack and baked goods empire that acquired brands including Entenmann’s, Thomas, Freihofer’s and Stroehmann. Juan Pablo Castañón, the Head of Mexico’s Business Coordinating Council, called Servitje’s death “a great loss for Mexico.” Lorenzo launched Grupo Bimbo in 1945 with other partners, starting with 38 employees and 10 delivery vehicles. The company now operates in 22 countries with 100 brands, and it recorded more than US$10.7 billion in sales in 2015.

28 October 2016
Roberto Gerardo Chwat, President of the Argentinian publishing house Editorial Sigmar SACI, was shot and killed by robbers when returning to his home in Vicente López, Buenos Aires; a victim of the growing crime wave affecting the city's suburbs. Roberto’s death comes as a great blow to many of those in the publishing world, and several took to social media to express their grief and pay tribute to the memory of a man long considered an innovator in children's publishing. Sigmar was the first Argentinian publisher to devote itself exclusively to the publication of children’s books,

Source: Factiva.
**Changes in leadership**

**Camargo Corrêa SA**

Heinz-Peter Elstrodt appointed Camargo Correa’s Chairman – October 2016

Brazilian construction firm Camargo Corrêa has announced that Heinz-Peter Elstrodt has been appointed as Chairman of the Board. He will replace Décio Amaral, who was temporarily occupying the post following the exit of Vitor Hallack. Camargo Corrêa is involved in the lavajato corruption investigation and is trying to change the way it conducts its businesses. Heinz-Peter has previously worked for McKinsey and specializes in family businesses.

Source: Factiva.

**América Móvil SA de CV**

Grandsons of Mexican media mogul enter family business – May 2016

Carlos Slim, the multimedia mogul owner of giant América Móvil, has appointed two of his grandsons, Daniel and Rodrigo Hajj Slim, to the board of directors of some of his smaller companies. Daniel and Rodrigo, both less than 25 years old, are the sons of Vanessa, Carlos’s second-eldest daughter. Daniel was appointed to the Board of Frisco Mining, and this was approved in 2015 by the shareholders (the Slim family holds 78% of the company’s shares). Rodrigo joined the Board of Soinmob Inmobiliaria Española, a real estate company owned by the Slim family and registered in Madrid.

**Some of the oldest family businesses among the top 37 in Latin America**

<table>
<thead>
<tr>
<th>Company</th>
<th>Founded</th>
<th>Family</th>
<th>Industry</th>
<th>Headquartered</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Comercio</td>
<td>1839</td>
<td>Miró Quesada</td>
<td>Media</td>
<td>Lima</td>
<td>Peru</td>
</tr>
<tr>
<td>Bacardi Limited</td>
<td>1862</td>
<td>Bacardi heirs</td>
<td>Spirits</td>
<td>Hamilton</td>
<td>Bermuda</td>
</tr>
<tr>
<td>Organización Soriana SAB de CV</td>
<td>1905</td>
<td>Soberón and Bringas</td>
<td>Grocery and department store retail chain</td>
<td>Monterrey</td>
<td>Mexico</td>
</tr>
<tr>
<td>Votorantim Participações SA</td>
<td>1918</td>
<td>Moraes</td>
<td>Industrial conglomerate</td>
<td>São Paulo</td>
<td>Brazil</td>
</tr>
<tr>
<td>Empresas CMPC</td>
<td>1920</td>
<td>Matte</td>
<td>Pulp and paper</td>
<td>Santiago</td>
<td>Chile</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index.

and is well known throughout the Americas.

3 September 2016

Energy mogul **Carlos Bulgheroni** has died in the US, where he was hospitalized in June following a surgical procedure. According to local media, Carlos had been battling cancer for several years. The 71 year old, along with his brother Alejandro, owned Pan American Energy LLC, Argentina’s second-biggest oil company (behind state-run YPF), and *Forbes* magazine estimated that Carlos and Alejando Bulgheroni had a combined fortune of US$4.8 billion.

5 May 2016

Bacardi Limited mourned the loss of **Ruben Rodríguez**, retired Chairman and CEO of Bacardi Limited, who passed away aged 79 in Connecticut. Ruben served Bacardi for nearly 20 years, and was admired and respected for his management approach and his relationship with Bacardi’s family shareholders. He was appointed Chairman and CEO in 2000, and served as Chairman for five years and as CEO from 2000 to 2003 and again from 2004 to 2005. Before his appointment, Ruben served as the CFO for Bacardi Limited from 1993 to 2000 and as Director of Audit and Finance from 1989 to 1993. Under his leadership, Bacardi Limited experienced strong growth in sales and earnings, strengthened its corporate governance, and oversaw the successful acquisition and integration of Grey Goose® vodka and Cazadores® 100% blue agave tequila into the Bacardi brand portfolio.
Family business growth accelerators in Latin America

The popular myth about family businesses is that they only grow slowly, over a long period. Our family business growth accelerators confound this myth, showing that family businesses have not only sustained growth but accelerated it too.

<table>
<thead>
<tr>
<th>Rank in the Global Family Business Index</th>
<th>Headquarters</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>Belo Horizonte, Brazil</td>
<td>Andrade Gutierrez SA</td>
</tr>
<tr>
<td>270</td>
<td>Hamilton, Bermuda</td>
<td>Bacardi Limited</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business; Factiva; OneSource; CapitalIQ; PrivCo.
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<tr>
<td>3.6</td>
<td>28.3</td>
<td>180.5</td>
<td>224,000</td>
<td>223,000</td>
<td>Andrade and Gutierrez; &gt;50.0%</td>
<td>1948</td>
</tr>
<tr>
<td>4.5</td>
<td>6.0</td>
<td>15.5</td>
<td>6,198</td>
<td>6,281</td>
<td>Bacardi; 100.0%</td>
<td>1862</td>
</tr>
</tbody>
</table>

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. *Compound annual growth rate
Ana Maria Igel

Ultrapar

Ultrapar, one of the four biggest conglomerates in Brazil, is proud of its family business background. Now 80 years old, Ultrapar was started by Ernesto Igel, who then passed the business on to his son Pery. Committed to the professionalization of the business and intent on handing control to non-family professionals, Pery was a visionary who realized the importance of hiring outside managers to grow the business. Even now that it has become a huge conglomerate worth billions of dollars, the values and culture left by Pery and his father are still central to Ultrapar’s principles.
“The very creation of Ultragaz was an extremely entrepreneurial initiative.”

Ana Maria Igel, former member of the Board, Ultrapar
Ultrapar Participações, better known as just Ultrapar, is one of Brazil’s biggest companies. Founded in 1937 by Ernesto Igel, among Brazil’s greatest entrepreneurs of the 20th century, Ultrapar, through a holding company, is still partly family owned. And, although the family no longer run the business directly, their influence on it remains strong today.

Ultrapar is a company of many parts. Starting out as a small distributor of liquefied petroleum gas in Rio de Janeiro, Ultrapar today operates in five areas: fuel distribution, through a company called Ipiranga; LPG through Ultragaz; petrochemicals through Oxiteno; storage liquids through Ultracargo; and pharmaceutical retailing through Extrafarma. In 2015, the entire group had revenues of US$31 billion and today, it employs more than 15,000 people.

As with many great businesses, the founder’s vision in seeing an opportunity – and creating a viable company from it – is very much part of Ultrapar’s history. Ernesto, who was born into a business family in Vienna, Austria, immigrated to Brazil after the World War I when he was 26. He set up Empresa Brasileira de Gáz a Domicilio Ltda in 1937 and, a year later, changed its name to Ultragaz.

“The very creation of Ultragaz was an extremely entrepreneurial initiative,” says Ana Maria Igel, Ernesto’s daughter-in-law and former board member of Ultrapar. “It began using gas from the Zeppelin airships, which had discontinued their flights. But some of the gas for them remained stored in Rio de Janeiro, and no one knew what to do with it. Ernesto had a good relationship with the Zeppelin company. He then acquired the gas and decided to bottle it to be used for cooking. This was the beginning.”

The company started its operations with just three trucks and 166 clients. But, through Ernesto’s efforts, the company grew rapidly and soon became a household name in gas distribution in Brazil. In 1959, Ernesto named his son Pery Igel as his successor. Pery, Ana Maria’s husband, took the business to an altogether bigger place in the fast-moving Brazilian corporate world of the 1960s and 1970s. He moved the headquarters to São Paulo and set up new businesses, including the petrochemicals business under the Oxiteno brand and the liquid storage group Ultracargo. He also consolidated the business and sold off subsidiaries such as Ultrapar’s fertilizer and industrial engineering businesses in order to focus on areas the company felt were the most profitable.
Ultrapar started out as a small distributor of liquefied petroleum gas in Rio de Janeiro, Brazil.

In 1959, Ernesto named his son Pery Igel as his successor. Pery, Ana Maria’s husband, took the business to an altogether bigger place in the fast-moving Brazilian corporate world of the 1960s and 1970s.

In the late 1980s, Ultrapar concluded its process of internal reorganization and strategy definition. Members of the Igel family (left to right) are Joyce, Pery, Ana Maria, Fábio, Ernesto and Marcia.

Professional commitment

Pery stepped down as CEO in 1981 and appointed Vice President and non-family member Paulo Cunha as his replacement. In 1999, Ultrapar listed on the stock exchanges of São Paulo and New York, and was the first Brazilian company to be traded on the New York Stock Exchange. The decision to list came one year after Pery’s death, and not before he had transferred the controlling shares of Ultrapar to his family and senior company executives with the creation of a holding company called Ultra SA.

During his years as leader, Pery was a strong believer in the professionalization of his family’s business, as his widow says. “Pery developed the notion that, to achieve permanence, the business had to be professionalized. He believed that everyone should find their own way and not take the company for granted. He used to say: ‘The President’s chair is not inherited, it’s conquered.’” So the third generation pursued their own careers outside of the family business. And since Ana Maria stepped down from the board of directors of Ultrapar around a year and a half ago, no family member has held an executive position at the company.

Along with executives who participate in the stock option plan, the family heirs sit in the holding company, which has a 22% stake in Ultrapar. And despite the family playing no role in the day-to-day management of the business, Ana Maria says the principles of Ernesto and her husband are very much alive at Ultrapar. “The principle of being low profile, of not getting involved where we shouldn’t, and of always following the best industry practices – the company is known by these principles, and they are the reason why we have always been successful.”

Ana Maria adds: “All of the company’s practices are aligned with the idea of always having a group of high-level executives and associates who see themselves as a family – which is what we think: we are all family.”
Ultrarpar today operates in five areas: fuel distribution, through a company called Ipiranga; LPG through Ultragaz; petrochemicals through Oxiteno; storage liquids through Ultracargo; and pharmaceutical retailing through Extrafarma. In 2015, the entire group had revenues of US$31 billion and today, it employs more than 15,000 people.
“Pery developed the notion that, to achieve permanence, the business had to be professionalized. He believed that everyone should find their own way and not take the company for granted. He used to say: ‘The President’s chair is not inherited, it’s conquered.’”

Ana Maria Igel

Innovation is fundamental

Innovation and entrepreneurship have always been the driving force of Ultrapar throughout its 80 years of existence. “Innovation is fundamental,” says Ana Maria. “If you do not position yourself in communications as they are today, with all the new techniques and possibilities available, you will fall behind. We are constantly seeking new methods and improvements, whether in gas distribution or whether in liquid storage. The company is always seeking new technologies, especially in IT. The family, as well as the group of executives now running Ultrapar, are fully aware that this is very important for the business.”

Asked what growth means to Ultrapar, Ana Maria is adamant that it is about the customer. “Above all, Ultrapar is a services company. The first thing it seeks to look at is the consumer, not only profit or growth. Growth depends on the ability to deliver what the consumer wants and at a reasonable price. In other words, the idea is always to keep the consumer satisfied, using all possible known and innovative practices, in order to provide a better service.”

Interestingly, Ana Maria calls herself an “in-between” generation within the family business: “I am between the second and the third generation. Because I am not from the second, as I am a widow from the second generation. My children are already represented in the third generation.”

Given the systematic outside professionalization of the business since the 1980s, does Ana Maria think any members of the third generation will participate in the business in the future? “God only knows what the new generation thinks! I believe things are changing at a fast pace; innovation is constant. I do not know up to which point this new generation will engage with it. But I believe they will at some point because, if they do not, they will fall behind.”

Whatever happens, the legacy left by the preceding generations will shine a guiding light for how members of future family generations engage with Ultrapar. But whether the next generation choose to play a more active role in the business or not, the values of the family will live on for many years at Ultrapar.

---

### Ana Maria Igel
**Former member of the Board**

<table>
<thead>
<tr>
<th>Company name:</th>
<th>Ultrapar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generations:</td>
<td>Second and third</td>
</tr>
<tr>
<td>Founded:</td>
<td>1937 in Rio de Janeiro, Brazil</td>
</tr>
<tr>
<td>Industries:</td>
<td>Oil and gas distribution and storage</td>
</tr>
<tr>
<td>Employees (2015):</td>
<td>15,000</td>
</tr>
<tr>
<td>Revenue (2015):</td>
<td>US$31b</td>
</tr>
</tbody>
</table>
Named after a famous French beauty and socialite, the cosmetics group Recamier has fast become one of the most recognizable brands in its sector. Based in Colombia, the family business is today under the direction of Georges Bougaud. Recamier’s products are sold all over the Americas, and its success is down to the hard work and innovation of two generations of the Bougaud family. But the family would be the first to admit that its achievements would have been impossible without its strong commitment to all its stakeholders – and, of course, their commitment to Recamier.
“Being a family business means that we can share our values with our employees and give them more stability.”

Georges Bougaud, President, Recamier
Juliette Récamier was a famous and beautiful socialite during the Napoleonic period of French history. A well-known portrait of her by the artist David hangs in the Louvre in Paris. One hundred and sixty-eight years after her death, her surname remains synonymous with beauty – but also with a family-owned cosmetics group called Recamier.

Based in the Colombian city of Cali, Recamier has established itself as one of Latin America’s most successful beauty products groups. Now run by second-generation family member Georges Bougaud, Recamier sells its beauty products in 15 countries around the world, including the US. It makes well-known brands such as Vitane hair care, Kleer Lac and Muss shampoos, and sells a host of other cosmetics products such as Tanga sunscreens, the Luminance hair coloring line and nail lacquers. It also has a professional line of hair care products for beauty parlor chain Salon’In. Employing more than 800 people, Recamier is one of Colombia’s most successful firms.

The business was started by Georges’s father Edmond Bougaud, a French immigrant to Colombia who set up a beauty salon in the city of Cali way back in 1947. He quickly gained a reputation as an innovative entrepreneur and, in the early 1950s, the company had its first big break. “My father got an offer from an American company to produce and distribute their hair spray under the name Kleer Lac,” says Georges. “Thanks to the service, the hairdressers’ professionalism and the Kleer Lac product, Recamier became the most famous salon in Cali.”

In 1960, Edmond sold the beauty salon and launched Recamier, producing and selling hair sprays. In these early days, he used the family’s garage to make the hair spray. “He pressed the shellac with a meat grinder, a broom handle served as a mixer, and he heated the mixture up in his home stove. With a bicycle pump, he measured out doses for the bottles,” says Georges. The business started to grow very fast and new products were launched, including the Muss brand. By the late 1960s, Recamier had become the leader in the hair spray and shampoo market in Colombia.

A short, sharp succession

Georges’s own journey into the family business was a sudden and unexpected one. His father tragically and unexpectedly died in 1975. Faced with only one obvious successor, a few weeks later, Georges was appointed President. “I was only 21, still at university, and I didn’t understand anything about the company,” he says. “At that time, I was not necessarily thinking about coming into the family business.” His father was, in many ways, the typical first-generation entrepreneur – determined to control everything, but in a somewhat chaotic manner. “When I took over, the company was a mess,” says Georges. “There was no marketing, no R&D, no finance department. It took me nine years to put everything in order.” But, after that period, things started to go well for the business again, and new products were launched on the back of strong growth. Into the 2000s and beyond, Recamier’s growth really began to speed up, with revenues expanding by at least 10% each year. Four years ago, Recamier doubled the size of its factory and brought in new state-of-the-art machinery to improve production levels and cater for its rising export growth.
The foundations of Recamier’s success lie in its strong adherence to a family business culture where all stakeholders are valued. “Being a family business means that we can share our values with our employees and give them more stability,” says Georges. “It gives us the ability to make fast decisions and innovate with more confidence. It also means we are more socially responsible.” Georges adds that he often gets offers from competitors to buy the business, but he has no intention to sell, not even a minority stake. “Investors want results in three months, but Recamier is not about to work with such a short-term vision. Instead, we have to plan 10 years ahead. We have the social responsibility to create jobs or, in the worst case, to keep the ones we have.”

Passing on the culture

Nevertheless, being a family business comes with the added pressures of implementing good governance. As businesses move to second-generation control, there is often the need to work harder at the relationship between family and business, and put appropriate governance structures in place. Recamier is no exception and, a few years ago, it created a family agreement that states that only one family member from each generation can work in the company, and only if they have the skills to do so. That person will also be expected to have worked for at least four years outside of the family business before joining and, ideally, have also obtained a higher Business degree such as an MBA. The third generation are still in their early 20s, but Georges hopes one of them will come into the company in a senior role in the future. That might just be Georges’s daughter, who is currently studying business in Canada.

Whoever comes in, the culture will be passed on. “It is so important to pass on the culture of the family business to the next generation,” says Georges. “You have to create a commitment to the family to continue this incredible journey. And you hope this means no one will sell the business, because it would destroy jobs and the brand would disappear. You have also got to teach them that the company is much more important than the money.”

But Georges knows better than anyone else at Recamier of the need to stay focused on what matters for the business in a hugely competitive sector, which is dominated by names such as...
Recamier’s R&D efforts are funneled through a seven-person team and, every year, the company sends its chemists to fairs around the world to learn the latest in raw materials and active ingredients for the cosmetics industry.
“Investors want results in three months, but Recamier is not about to work with such a short-term vision. Instead, we have to plan 10 years ahead. We have the social responsibility to create jobs or, in the worst case, to keep the ones we have.”

Georges Bougaud

as L’Oréal, P&G and Unilever. Innovation is at the heart of those efforts, and Recamier achieves this through various initiatives. R&D efforts are funneled through a seven-person team and, every year, the company sends its chemists to fairs around the world to learn the latest in raw materials and active ingredients for the cosmetics industry. “We are always up to date on the latest trends, and we develop our products if not faster, then at the same rate, as the big global brands,” Georges says. “Until now, we have been a very resilient company. And businesses such as ours have to be so creative to overcome the challenge from the bigger names in our sector.”

Part of those efforts will be to grow in the US, where Recamier sees huge potential. So far, the cosmetics group sells its products through beauty salons in just four US states. Georges thinks there is no reason why Recamier products cannot be in all the American states in the near future. “If we achieve that, then it will give us at least an additional US$50 million to US$100 million of new revenue.”

With the success of the business so far, there is no reason to bet against Recamier achieving its ambitious goals in the world’s biggest market and beyond. But Georges would be the first to admit that growth for growth’s sake is not the Recamier way. The values and culture he and his father have imparted are too strong. And there is no doubt they will remain a feature of Recamier as it moves to third-generation control and beyond.

Georges Bougaud
President

Company name: Recamier
Generation: Second
Founded: 1947 in Cali, Colombia
Industry: Beauty and personal care products
Employees (2016): More than 800
Revenue (2016): US$77m

Georges’s own journey into the family business was a sudden and unexpected one. His father tragically and unexpectedly died in 1975.
EY Family Business Award of Excellence

Winners

Europe
North America
Latin America
Asia-Pacific
“Family businesses in the region continue to prosper and provide the bedrock for the region’s economies.”

Ian Burgess
EY Asia-Pacific Family Business Leader
Many of the economies in the Asia-Pacific region are dominated by family businesses. Indeed, even China, which only transitioned to a market-based economy in the last 40 years, is seeing the rise and dominance of family businesses. The fact that a family business culture is so strong in the region, and continues to grow, presents many opportunities. Not least of these opportunities is around greater cooperation. Because family businesses often share similar sets of values, many of them are increasingly looking at ways to work with each other to facilitate growth. That trend will only continue.

This year, EY features four family businesses from the region – Gallagher in New Zealand, Jebsen & Jessen (SEA) in Singapore, the Manildra Group in Australia and Travelio.com in Indonesia, co-founded by EY’s NextGen Club Award winner Christina Suriadjaja. They represent excellent examples of family businesses prospering as a result of having an outward-looking and entrepreneurial approach to growing their business. Also crucial to their success has been innovation. As we have shown throughout this year’s Family Business Yearbook, innovation is one of the key issues for family businesses around the world.

Do family businesses in the Asia-Pacific region go about innovation differently from those in other parts of the world? Of course, the obvious answer to that is “no.” As all the profiles in this year’s yearbook show, innovation is often specific to each business and is rarely based on regional differences. But maybe there are a few things that stand out when it comes to innovation. The outward-looking approach of the featured family businesses, for one. Of course, this happens in other regions, but I think it is particularly strong in the many family businesses from Asia-Pacific. They look increasingly to gain a global share of the markets they operate in, and that helps to encourage a culture of innovation.

Succession continues to be a big issue for family businesses and, in this region, there is a higher percentage of family businesses going through the first transition from the founder generation to the next generation. In these cases, one of the challenges is that the founder has no experience of being the next generation. Another challenge in parts of this region is that it is seen as culturally insensitive to talk about succession; it is as though you are wishing bad luck to the person you may replace.

How the next generation responds to the challenge of being part of a family business is wonderfully illustrated in this year’s EY’s NextGen Club Award profile on Christina Suriadjaja. Through her own initiative, Christina has set up a successful business. This is an example of reverse succession, whereby a next-generation family member sets up a company outside of the family business and proves themselves in this way. I think this trend is something to watch in the region in the years ahead. And it is, of course, a great way of encouraging entrepreneurship.

Despite much progress, more can be done in improving corporate governance, which would enable family businesses to optimize their growth. For example, good corporate governance practices make it easier to attract (and retain) non-family executive talent to the business, as there is greater transparency and established processes to resolve issues. In addition, good corporate governance, including strategic input from independent non-executive directors, can help the business meet the challenges of operating in the changing digital world.

Despite challenges around succession and governance, family businesses in the region continue to prosper and provide the bedrock for the region’s economies.

Ian Burgess
ian.burgess@au.ey.com
Family business in Asia-Pacific | Facts and figures

Of the world’s 500 largest family businesses, 17.4% (87) are located in Asia-Pacific.

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

The largest family businesses in Asia-Pacific

The top 10 family businesses generated approximately US$314.9 billion of Asia-Pacific’s GDP of US$23.8 trillion in 2015 and employed 496,918 people.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company name</th>
<th>Revenues (2015) in US$ billion</th>
<th>Number of employees (2015)</th>
<th>Family</th>
<th>Family shareholding or voting rights (latter indicated by *)</th>
<th>Public listed company</th>
<th>Country</th>
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<tbody>
<tr>
<td>1</td>
<td>Reliance Industries Limited</td>
<td>56.5</td>
<td>24,930</td>
<td>Ambani</td>
<td>45.2%</td>
<td>Yes</td>
<td>India</td>
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<tr>
<td>2</td>
<td>LG Corporation</td>
<td>48.0</td>
<td>37,902</td>
<td>Koo and Huh</td>
<td>37.5%</td>
<td>Yes</td>
<td>South Korea</td>
</tr>
<tr>
<td>3</td>
<td>Amer Technology (Shenzhen) Co Ltd</td>
<td>47.8</td>
<td>15,500</td>
<td>Wang</td>
<td>99.0%</td>
<td>No</td>
<td>China</td>
</tr>
<tr>
<td>4</td>
<td>Dalian Wanda Group</td>
<td>44.7</td>
<td>130,000</td>
<td>Wang</td>
<td>&gt;50.0%</td>
<td>No</td>
<td>China</td>
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<tr>
<td>5</td>
<td>Tata Motors Limited</td>
<td>39.4</td>
<td>73,485</td>
<td>Tata</td>
<td>33.0%</td>
<td>Yes</td>
<td>India</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.
The top 87 family businesses in Asia-Pacific

Generated
US$983.1b
in revenues
(3.3% of Asia-Pacific’s GDP)

Employ
3,965,176
people (0.2% of Asia-Pacific’s workforce)

Realize
US$865.4b
of market capitalization

Are, on average, 58.9 years old

86.2%
are public listed companies

Source: Global Family Business Index and Oxford Economics information; revenue and number of employee figures as of 2015; market capitalization as of 31 December 2016.

The top 3 industry sectors are:

25
Consumer products and retail

13
Diversified industrial products

10
Wealth and asset management

The top 3 markets are:

20
India

16
China (mainland)

15
Hong Kong

Some interesting anniversaries

<table>
<thead>
<tr>
<th>Anniversary</th>
<th>Company</th>
<th>Family</th>
<th>Industry</th>
<th>Headquarters</th>
<th>Location</th>
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</thead>
<tbody>
<tr>
<td>70</td>
<td>LG Corporation</td>
<td>Koo and Huh</td>
<td>Conglomerate</td>
<td>Seoul</td>
<td>South Korea</td>
</tr>
<tr>
<td>70</td>
<td>Orient Overseas (International) Ltd</td>
<td>Tung</td>
<td>Transportation and logistics</td>
<td>Hong Kong</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>60</td>
<td>PT Astra International Tbk</td>
<td>Keswick</td>
<td>Conglomerate</td>
<td>Jakarta</td>
<td>Indonesia</td>
</tr>
<tr>
<td>60</td>
<td>Sundrug Co Ltd</td>
<td>Tada</td>
<td>Drug store chain</td>
<td>Tokyo</td>
<td>Japan</td>
</tr>
<tr>
<td>50</td>
<td>Cheng Shin Rubber Industry Co Ltd</td>
<td>Chen</td>
<td>Tires</td>
<td>Yuanlin</td>
<td>Taiwan</td>
</tr>
</tbody>
</table>

Source: Global Family Business Index, University of St. Gallen, Center for Family Business.

Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. Revenue, number of employees and shareholding information as of 2015.
Some recent M&A deals involving Asia-Pacific family businesses

January 2017 | Dalian Wanda Group Co Ltd
---|---
China | The global footprint of AMC Entertainment Holdings Inc., the US movie theater chain owned by Dalian Wanda Group, is getting bigger. AMC announced that it will acquire Nordic Cinema Group, further bolstering Wanda’s presence in Europe’s movie industry. The US$929 million deal will give Wanda ownership of the largest theater exhibitor in Northern Europe. Stockholm-based Nordic Cinema operates 68 theaters and nearly 50% of 50 other associated venues. The all-cash deal needs to receive antitrust clearance from the European Commission. Wanda is the largest theater operator in China and has been on a buying spree across the globe. It became the largest movie theater operator in Europe when it purchased British cinema chain Odeon & UCI Cinema Group through AMC in November 2016 for US$1.2 billion. London-based Odeon is the biggest movie chain in Europe, where it operates 242 theaters and 2,234 screens.

December 2016 | Idemitsu Kosan Co Ltd
---|---
Japan | Idemitsu Kosan Co Ltd, the listed Japan-based company headquartered in Tokyo, has acquired a 33.2% stake in Showa Shell Sekiyu KK from Royal Dutch Shell Plc. Through this share acquisition, Idemitsu Kosan aims to form a competitive business group that will bring greater benefits to its stakeholders, including customers, business partners, dealers, employees, labor unions, and shareholders of both Showa Shell and Idemitsu. The sale of Showa Shell Sekiyu aligns with Shell’s strategy to divest downstream businesses.

November 2016 | Samsung Electronics Co Ltd
---|---
South Korea | Samsung Electronics has agreed to acquire Harman International Industries Inc. of Stamford, Conneccticut, for US$8 billion. Harman, the maker of Harman Kardon speakers and other audio equipment, has diversified into software development and automotive technology such as Wi-Fi connectivity and navigation systems. The acquisition instantly makes Samsung a major player in car technology. Samsung’s third-generation heir Lee Jae-yong has been on the board of directors of Exor SpA, the controlling shareholder of Fiat Chrysler Automobiles NV, for the past four years, and Samsung assembled a task force last year to look into different ways to enter the automotive world. Samsung previously ventured into the automotive industry in 1994 under its Chairman Lee Kun-hee by launching Samsung Motors, with the assistance of Nissan. In 1998, after the Asian financial crisis, the company sold control of the company to Renault SA.

September 2016 | Reliance Communications Ltd
---|---
India | Anil Ambani’s Reliance Communications (RCom) has completed the merger of its mobile business with a competitor, Aircel. The deal will enable RCom to cut its net debt of US$6.2 billion by US$3 billion. RCom will retain its data centers, optical fiber infrastructure and other assets. Anil Ambani and his brother Mukesh ended a feud by dividing the Reliance empire between them in 2005. Mukesh took control of Reliance Industries’ oil products business, and Anil took the telecoms business. However, Mukesh has launched a US$24 billion telecommunications venture called Reliance Jio. In 2013, RCom agreed to allow Jio to use some of its infrastructure. The entrance of Jio has intensified competition in the sector.

Source: ThomsonOne.

Selected obituaries

We take this opportunity to remember some of the famous family entrepreneurs who died in the last year:

12 January 2017
Australian philanthropist James Fairfax, who went from Chairman of the eponymous media company to become one of the country’s greatest art collectors, has passed away at his home in Bowral at the age of 83. The second child of Sir Warwick Oswald Fairfax, he rose to prominence after he succeeded his father as Chairman of John Fairfax & Sons in 1977, and subsequently led the group as it diversified into television, magazines and regional publications. After a decade at the top, James resigned when his younger half brother Warwick launched a takeover of the company – four years later, the business went into receivership but was refloated as Fairfax Media.

30 September 2016
Hong Kong tycoon Cheng Yu-tung, the patriarch behind the Chow Tai Fook jewelry chain and a global real estate empire that includes New York’s Carlyle Hotel, has died at the age of 91. Cheng died peacefully with his family by his side, according to a statement from New World Development Co, the conglomerate that he founded in 1970.

Source: Factiva.
Changes in leadership

**Godrej Group**

Next-generation member takes up two new positions at Indian conglomerate – February 2017

Next-generation member Pirojsha Godrej will take up positions in two companies in his family’s 119-year-old enterprise Godrej Group. It is one of India’s oldest family businesses and is a US$4 billion conglomerate with interests in consumer products and real estate. Pirojsha, the 35-year-old son of Chairman Adi Godrej will succeed his father as Executive Chairman of Godrej Properties Ltd as of 1 April 2017.

**Crown Resorts Ltd**

Loyalty pays off as Jalland takes the helm of Packer’s CPH – January 2017

James Packer has confirmed that the loyalty of Guy Jalland was a key factor in his appointment as the Chief Executive of the billionaire’s private company CPH as it looks to make more investments in the digital economy. Guy took the helm of CPH from Robert Rankin after being a long-time executive of the private company under James and, previous to that, his late father Kerry.

**Tata Sons Ltd**

Tata Sons names head of IT services unit as new Chairman – January 2017

Tata Sons, the holding company for the Tata conglomerate, has named Natarajan Chandrasekaran as its new Chairman. Natarajan, aged 53, is currently CEO of Tata Consultancy Services, the group’s profitable IT outsourcing unit. He will assume his new post on 21 February 2017. Tata Consultancy Services is India’s most valuable company, with a market capitalization of US$67 billion.

**Minth Group Ltd**

Founder passes baton to daughter following regulatory concerns – May 2016

The billionaire Taiwanese founder of autoparts producer Minth is stepping down as Chairman just weeks after the company’s stock plunged as a result of regulatory concerns. As Chin Jong Hwa, aged 57, relinquishes his role as head of the board, his daughter Chin Chien Ya, aged 27, is being appointed as an executive director of the Chinese-based company.

**Doosan Group**

The South Korean family business community has its first fourth-generation leader – March 2016

Doosan Group, the oldest business in South Korea, has broken new ground as the first “chaebol” to be led by a fourth-generation family member. According to a company statement, Doosan’s Chairman Park Yong-maan announced his retirement at a board meeting and recommended that his nephew Park Jeong-won take over the role.

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**Some of the oldest family businesses among the top 87 in Asia-Pacific**

<table>
<thead>
<tr>
<th>Company</th>
<th>Hong Kong &amp; China Gas Co Ltd</th>
<th>Shapoorji Pallonji Group</th>
<th>The Wharf (Holdings) Limited</th>
<th>Godrej Group</th>
<th>Suntory Holdings Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founded</td>
<td>1862</td>
<td>1865</td>
<td>1886</td>
<td>1897</td>
<td>1899</td>
</tr>
<tr>
<td>Family</td>
<td>Lee</td>
<td>Mistry</td>
<td>Woo</td>
<td>Godrej</td>
<td>Saji</td>
</tr>
<tr>
<td>Industry</td>
<td>Public utility</td>
<td>Conglomerate</td>
<td>Conglomerate</td>
<td>Manufacturer of oleochemicals</td>
<td>Distribution of alcoholic beverages</td>
</tr>
<tr>
<td>Headquartered Location</td>
<td>Quarry Bay</td>
<td>Mumbai</td>
<td>Kowloon</td>
<td>Mumbai</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Location</td>
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<td>India</td>
<td>Hong Kong</td>
<td>India</td>
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</tbody>
</table>

Source: Global Family Business Index.

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30 June 2016
Cafe de Coral Group, the largest publicly listed Chinese fast food restaurant group in the world, is mourning the death of its founder and first President Victor Lo Tang-seong, who died peacefully on 30 June surrounded by his family. He was 101 years old. Nicknamed “Uncle Eight,” Lo was the eighth child born into a poor Hakka family in Guangdong in 1915. At 36, Lo joined his brother’s Hong Kong Soya Bean Products Company, now Vitasoy, in the 1950s, but left the company to open the first Cafe de Coral restaurant in 1969. In 1986, it became the first public listed company of its kind in Hong Kong.

20 January 2016
Chang Yung-fa, the billionaire founder of global shipper Evergreen Marine died at the age of 88. Born in 1927, Chang entered the shipping business at 14, when he began work in Miname Nippon Steamship’s office in the city of Keelung in northern Taiwan. Evergreen Marine is today one of the world’s largest shipping companies, with more than 160 container vessels. He ranked number 17 on the 2015 Forbes Taiwan Rich List, with wealth of US$1.6 billion.
Family business growth accelerators in Asia-Pacific

The popular myth about family businesses is that they only grow slowly, over a long period. Our family business growth accelerators confound this myth by showing that family businesses have not only sustained growth but accelerated it too.

<table>
<thead>
<tr>
<th>Rank</th>
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<td>3</td>
<td>369</td>
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<td>Sun Pharmaceutical Industries Ltd</td>
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<td>272</td>
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<td>China Fortune Land Development Co Ltd</td>
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<td>87</td>
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<td>China</td>
<td>Amer Technology (Shenzhen) Co Ltd</td>
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<td>209</td>
<td>India</td>
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<td>233</td>
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<td>China Hongqiao Group Ltd</td>
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Source: Global Family Business Index, University of St. Gallen, Center for Family Business; Factiva; OneSource; CapitalIQ; PrivCo.
Between 2012 and 2015, the top 10 fastest-growing family businesses... created 202,502 new jobs... and realized additional revenues of US$84.0b.

<table>
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<td>18.4</td>
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<td>15,000</td>
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<td>Lu; 100.0%</td>
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<tr>
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<td>19.0</td>
<td>38,320</td>
<td>65,076</td>
<td>Zhang Shipping; 81.1%</td>
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Note: we define companies as family businesses when they are either public companies with a minimum shareholding or voting power of the owner family of 32%, or private companies with a minimum shareholding of the owner family of 50%. *Compound annual growth rate
John Honan
Manildra Group

Family-owned Manildra Group is one of the most innovative businesses around. Founded in 1952, and now managed and owned by the second and third generations of the Honan family, Manildra has moved from a single-product agribusiness company into a multisector, billion-dollar-plus powerhouse. Manildra’s innovation across the vertical and horizontal supply chain in the world of agribusiness has been truly remarkable. At the same time, it has remained true to its family business roots, and all its stakeholders are very much part of the success of Manildra.
“Our family could see there was a great opportunity in value-added products from flour – such as gluten and starch – and that this was the way forward for the business.”

John Honan, Managing Director, Manildra Group
When Jack Honan bought a flour mill in the out-of-the-way town of Manildra in the Australian state of New South Wales, he probably did not envisage that, one day, it would become the biggest flour mill in the country. In fact, one of the biggest in the world. Nor that the company he founded would successfully diversify into, and be leaders in, many other agribusiness sectors. Nor that three generations of his family would own and run it.

Well, that is exactly what happened. Today, the Manildra Group mills enough flour in one second for 100 loaves of bread and processes more than one million metric tons of wheat a year. In the US, 4 in every 10 loaves of bread have Manildra products in them. But the Manildra Group is much more than just a maker of flour, starch and gluten. Through impressive innovation over the years, it has moved into the production of ethanol, sugar, canola oil and meat. And its ethanol production, branded as E10 The Good Fuel, is increasingly being used in automobiles in Australia. Manildra also owns a number of retail brands, such as The Healthy Baker, auzure Canola Oil and Sunshine Sugar.

The growth of Manildra’s export markets has been a huge part of its success, to the extent that it is the biggest exporter of value-added containers through Sydney’s main port. Altogether, the company exports to around 40 countries and transports its products to more than 5,000 locations throughout Australia.

It all started 60-plus years ago, when Jack Honan borrowed money to buy a struggling mill in Manildra. Jack, a canny entrepreneur, could see that Australia’s demand for flour products would expand in line with the rapid growth in the country’s population. “Our family could see that there was a great opportunity in value-added products from flour – such as gluten and starch – and that this was the way forward for the business,” says his grandson and now Managing Director of Manildra. Jack’s son Dick Honan opened a starch and gluten plant in 1966 as part of this move up the value chain. In the mid-1970s, Manildra expanded into international markets and started exporting to Europe, Japan, Taiwan and the US.

Founded in 1952, Manildra has moved from a single-product agribusiness company into a multisector, billion-dollar-plus powerhouse.
Second-generation expansion

It was the second generation, led by Dick Honan, that really got the business going. Dick saw an opportunity to grow in the US and, in 1979, Manildra bought a plant to process gluten and starch in the biggest market in the world. That was the start of an important chapter in Manildra’s success, with the US now contributing a significant proportion of the company’s sales volumes. Dick’s ambition was extraordinary and, in 1984, he bought out his father and younger brother from the business.

In 1988, Manildra went into ethanol production in the US and grew this further when they opened a plant in Australia three years later. For Manildra, the production of ethanol is used in the fuel, beverage, pharmaceutical and industrial markets. The group also built a sugar refinery in partnership with the NSW Sugar Milling Co-operative, which gave cane growers in New South Wales direct access to the domestic market. “At that time, the sugar industry was pretty much a monopoly with the state controlling it,” says John. “No one thought it could be challenged until we came along.” In the last few years, Manildra has moved further into meat production, with the establishment of the Manildra Meat Company in 2014.

Dick remains Chairman of the group, his son John is Managing Director and his two daughters Caroline and Samantha are directors in the business, while their husbands (Nick and Peter) also work at Manildra. John came into the business after studying Agricultural Economics at the University of Sydney. The business is 100% owned by the Honan family – and the growth has been financed largely by internal cash flow. When it comes to family governance structures, John says they take a pretty informal approach. “There are no formal structures about when meetings should be held among the family,” he says. “That is because many of us are traveling a lot, so we are rarely around to hold them.” Nevertheless, a couple of times a year, the family meet to discuss strategy and what is needed to take the business forward.
The Honan family: Dick remains Chairman of the group, his son John is Managing Director and his two daughters Caroline and Samantha are directors in the business, while their husbands also work at Manildra.

Today, the Manildra Group mills enough flour in one second for 100 loaves of bread, and processes more than one million metric tons of wheat a year.
“Through our focus on the innovation and sustainability of Australian manufacturing and agricultural industries, we have adopted a truly global outlook.”

John Honan

Exceptional innovation

But one thing is for sure: having a relatively informal governance structure has not hurt Manildra’s incredible ability to innovate. From starting off as a small flour mill, it has become a huge, multifaceted agribusiness over three generations of family control and ownership. That is a testament to the innovative skills of the family and of those who work for the business. “Through our focus on the innovation and sustainability of Australian manufacturing and agricultural industries, we have adopted a truly global outlook,” says John. “This constant innovation has been necessary to maintain a competitive edge and meet the ever-changing demands of the export market.” Increasingly, those export markets will be in Asia, where Manildra has focused a lot of its efforts in recent years and opened up a number of new sales offices.

Despite its impressive growth, Manildra has not lost its strong links to the community from which it grew. The Manildra Foundation was set up to support causes in the communities in which the company operates — and beyond them as well. And the business also prides itself on strong connections to all of its stakeholders.

What about the future? Whatever happens, the strong business culture of innovation at Manildra will remain a significant part of the company’s ethos for many years to come. And John is adamant that it will remain a family-owned Australian business. “We are not looking to sell Manildra.” All this is something that three generations of the Honan family can be proud of.

John Honan
Managing Director

<table>
<thead>
<tr>
<th>Company name:</th>
<th>Manildra Group</th>
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<tr>
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<tr>
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<td>Industry:</td>
<td>Manufacturing and food production</td>
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<td>Employees (2016):</td>
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This flour mill is in the town of Manildra in the Australian state of New South Wales.
Sir William Gallagher

Gallagher

Sir William Gallagher is one of New Zealand’s best-known businessmen. When he took over the family business from his father, Gallagher had just 10 employees, but through his efforts and vision, Sir William has taken the company forward to be one of the country’s most successful high-tech businesses, employing more than 1,000 people worldwide. A great believer in the primacy of the family business model, Sir William reckons its best values have also been crucial to Gallagher’s success. And will continue to be so in the future.
“The benefits of a privately controlled family business are numerous, and include the ability to make fast decisions and to play the long game.”

Sir William Gallagher, CEO, Gallagher
Sir William Gallagher says one of the books that has influenced him most over his 60-plus years in business is *Hidden Champions* by Professor Hermann Simon. The book talks about the success of small, world-beating, highly specialized businesses with little brand recognition outside of their specialist areas. Sir William reckons that his own family business, Gallagher, is a prime example of a hidden champion.

That may be the case, but Sir William himself is far from hidden – at least not in the business world of his native New Zealand, where his reputation extends far and wide. Mike Moore, a former New Zealand Prime Minister, has described Sir William as a Kiwi hero. "If New Zealand had another 100 Bill Gallaghers, we would be the richest, most decent, best-natured nation on earth.” This was Moore’s praise of Sir William in the foreword to the recent book about the entrepreneur *Legend: From Electric Fences to Global Success*, published in 2013 to mark the 75th anniversary of the Gallagher Group.

A classic second-generation business builder

Sir William is a classic second-generation business builder, who took a small company founded by his father and turned it into an international business success story. Gallagher now employs more than 1,000 people globally, with annual revenues of around NZ$230 million.

Based in the city of Hamilton on New Zealand’s North Island, Gallagher is best known for building electric fences for livestock management. Indeed, Gallagher has become one of the most renowned brands in the world for electric fences, and has since expanded the business into wildlife management. "The higher-voltage energy fences we have developed have opened up wildlife management," says Sir William. “Today, most of the game parks in Africa use our systems.” But Gallagher has grown its business into other areas as well, including perimeter security around homes and prisons, security alarms and fuel systems. On top of that, Gallagher has a thriving contract manufacturing business. The high-tech side...
Gallagher’s products and services is evident in everything the company does and, today, it is considered one of the most technologically innovative businesses in New Zealand.

Gallagher’s journey began in the 1930s when Bill Gallagher, Sir William’s father, had a eureka moment while trying to resolve a problem linked to a family horse called Joe. The horse used the fenders of the family car as a scratching post. This led Bill to develop an electrical circuit that delivered a shock when the horse rocked the vehicle. The solution worked and led to the idea for the electric fence. Although Bill might not have invented the electric fence for livestock management, he was certainly among the first to come up with the idea. And he is widely credited with being a pioneer in the development of the technology.

A natural entrepreneurial mindset

Bill started his working life as a dairy farmer, but he was happier tinkering with his inventions, such as the electric fence and, later on, novel fuel systems for cars. Sir William remembers the two big boats Bill built in the garden of their home in Hamilton. The second one was an impressive 88 feet long. “When my father Bill started the company, he probably hadn’t even heard of the word ‘entrepreneur,’ but that never stopped him from being one,” says Sir William. Bill launched Gallagher in 1938 and kept the business going through World War II, when he contributed to the war effort and worked in a munitions factory. Sir William gained a mechanical engineering degree from Auckland University and, with his brother John, entered the family business in the early 1960s. “My father never had the ambition to grow the business very big,” says Sir William. “For example, he said exporting Gallagher’s products was a waste of time.”

Sir William was to turn that thinking on its head, and he realized that, in order to grow the business, opening markets abroad for Gallagher would be crucial. In the late 1960s, at his suggestion, Gallagher began exporting: first, the farm machinery, then, by the 1970s, its famous electric fences to the huge farms of Australia; and the business started to expand significantly as a result. A big part of the success of Gallagher over the next decades, under Sir William’s leadership, was due to his efforts to grow the business overseas. And today, Gallagher’s foreign markets are as important as ever. Sir William says he still spends around a half of every year abroad, developing new markets for Gallagher and acting as a very effective ambassador for the business. He estimates he has been to more than 140 countries and says that Gallagher products are exported to more than 160 in total.

On the left is the first of the Gallagher Fence Energizers; throughout the years, this has evolved into the latest M2800i Fence Energizer, which has 28 joules of stored energy and is suitable for fencing all types of animals on farms up to 300 acres.
Today, Gallagher products are exported to more than 160 countries in total. Its head office is in Hamilton, New Zealand.

Gallagher is 100% owned by the Gallagher family. From left to right are Sir William and Lady Judi Gallagher; their son Ian; nephew Keith; and a member of the fourth generation, Demi Brewer, who is also employed at Gallagher.

When a horse called Joe took too much of a liking to using a car as a scratching post, founder Bill Gallagher Senior scratched his head for a solution.
“When my father Bill started the company, he probably hadn’t even heard of the word ‘entrepreneur,’ but that never stopped him from being one.”

Sir William Gallagher

Innovation is at the heart of Gallagher

Innovation remains at the heart of Gallagher, 79 years after Bill came up with his electric fence idea. Today, the company has a team of 120 R&D specialists, which Sir William says is a crucial part of Gallagher’s efforts to stay ahead of its competition. He believes that it is made possible by being a privately controlled business: “Listed businesses would not tolerate that level of R&D expenditure,” he says. Another central part of that commitment to innovation is listening to the customers all the time and feeding their views back to the company at all levels.

And the future for Gallagher? Well, one thing is for sure: under Sir William, the company is not about to go public. “We have no intention of listing,” he says. Of course, how future generations of the Gallagher family take the business forward is anyone’s guess. But one thing is clear: the values and culture of the company that have been instilled by Sir William and his father will remain a guiding light for many years to come … as, no doubt, will the legend of Joe the horse.

Sir William’s drive and energy are no doubt a big reason behind the success of Gallagher, but he believes that family ownership and the values this brings to the company have been crucial as well. “The benefits of a privately controlled family business are numerous, and include the ability to make fast decisions and to play the long game. We are not worried about quarterly or even annual returns,” he says. Gallagher is 100% owned by the Gallagher family. Sir William’s son Ian and nephew Keith both work at Gallagher, and a member of the fourth generation of the family, Demi Brewer, is also employed there.

Sir William is very wary of promoting family members, though. “Nepotism, or the smell of it, is to be avoided at all costs,” he says. “We have family members in the business, but whether they are leaders remains to be seen.” A big role in the company’s success has been carved out by Sir William’s deputy CEO Steve Tucker, who has been with Gallagher for more than 20 years and is a key part of the culture that promotes and rewards non-family managers at all levels of the business.

<table>
<thead>
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“The three mackerels in our logo stand for respect for traditions, cultures, and the commitment of the Jebsen and Jessen families to their businesses and employees.”

Heinrich Jessen,
Chairman, Jebsen & Jessen (SEA)
Heinrich Jessen
Jebsen & Jessen (SEA)

Jebsen & Jessen (SEA) has established itself as one of Southeast Asia’s most successful businesses. With its roots in the 19th century, the Singapore-based company is now run by third-generation member Heinrich Jessen. It is one of the most innovative organizations in the many sectors in which it operates and – along with the other Jebsen & Jessen Family Enterprise businesses in China, Europe and Australia – it has constructed an enlightened family governance structure that ensures the family not only owns the business, but is obliged to manage it.
Corporate logos can often tell you a lot about a business. The logo of Singapore-based Jebsen & Jessen (SEA) certainly does. Indeed, its distinctive three mackerel insignia goes right back to the company’s 19th-century roots and remains at the heart of the group today.

“For us as a company, the three mackerels today, as throughout the past century, stand for respect for traditions and cultures, and the commitment of the Jebsen and Jessen families to their businesses and employees,” says Heinrich Jessen, Chairman of Jebsen & Jessen (SEA).

Jebsen & Jessen (SEA) describes itself as an industrial enterprise spanning manufacturing, engineering and distribution. The core business units are: cable technology, ingredients, life sciences, material handling, offshore, packaging and technology. It has a long-standing partnership with many of the best-known companies in the world and, through its subsidiaries and associates, employs more than 4,000 people with annual revenues of around SG$1.2 billion.

The second generations of both families started to come into the business from the 1930s onward, led first by Heinz, Heinrich’s eldest son, and, upon his early death in 1944, by Michael, Jacob’s eldest son. Arwed Peter Jessen moved to Asia in 1947 and became a partner in the business in 1952, working alongside Michael and his brother Hans Jacob Jebsen. “The three of them had strong personalities,” says Heinrich. Given
this, and the realization that it was probably not a good idea to have, as Heinrich says, “all their eggs in one China basket,” they took a decision to expand and to open a new company in Singapore. “They agreed to split the work but remain partners,” says Heinrich. “Hans Jacob went back to the shipping company in Europe, Michael stayed in Hong Kong and continued to manage Jebsen & Co and the third, my father, came down to Singapore and started Jebsen & Jessen (SEA).”

So a new business was established in Singapore, and Heinrich says that one of his father’s fortuitous decisions was to move the new company’s efforts more into manufacturing and engineering. “This was a big step away from our trading roots, but it proved right,” says Heinrich. During the 1960s and onward, Jebsen & Jessen (SEA) entered into a number of joint ventures and relationships with technology partners. This was particularly successful in the crane sector, where Jebsen & Jessen (SEA) started a joint venture to manufacture cranes in Malaysia and Singapore. Before that time, most cranes were imported from Europe and North America. “We went up the value chain,” says Heinrich.

Innovation at all levels

The second generation were not just wise in their business decisions but also in how they structured the business ownership and the family’s relationship with it. Two rules on family ownership and participation were agreed. One was that family members have to work in the group in order to become shareholders. And the second was that family members do not inherit any shares, but have to buy them from retiring members of the family. Heinrich says the two rules work successfully at different levels by ensuring active family participation in the business and also creating some level of financial fairness for those not joining the family business. But, most importantly, the governance structure creates real ownership, says Heinrich. “I have ownership, skin in the game, and this helps to foster entrepreneurship.”

Heinrich’s own path into the family business was unconventional. Having trained as a tropical biologist, he worked in the jungles of Papua New Guinea before he even contemplated joining the family firm. “But with my environmental experience, I felt I could make an impact on the business. So I had a conversation with my father about how we could address various environmental and safety risks in the company,” he says. “I thought to myself: ‘Maybe that was the job for me — to implement an environmental strategy for Jebsen & Jessen (SEA).’” After obtaining a Master’s degree in Industrial Environmental Management, Heinrich joined the company at the age of 27 as Environment, Health and Safety Manager and took the company down a sustainable path that is still very evident today. And Jebsen & Jessen (SEA) has been fully carbon neutral since 2011, one of the first in Asia.

After working in various divisions, including managing the all-important crane business, Heinrich took over his father’s chairmanship role in 2004. He has since extended this role to
Jebson & Jessen (SEA) describes itself as an industrial enterprise spanning manufacturing engineering and distribution. The core business units are: cable technology, ingredients, life sciences, material handling, offshore, packaging and technology.

The Jebson & Jessen (SEA) Meet-a-Need program combines corporate volunteering with funding for projects that meet a specific social or environmental need in the region. Heinrich Jessen personally devised and launched the initiative in 2007. The idea was simple: create hands-on opportunities for staff to support nonprofit projects in the region. The work had to meet a particular need, and staff had to be given the chance to be involved with the community.
“We rely on the decision-making process of people in the market, in the different countries, in the different business lines. This requires a lot of trust but, when the decision is taken at the operative level, it can immediately be implemented. It does not get stuck in thick webs of approval processes.”

Heinrich Jessen

be full time and also sits on the boards as one of two principal partners of the other member groups of the Jebsen & Jessen Family Enterprise: Jebsen & Co in Hong Kong, Jebsen & Jessen in Hamburg and GMA Garnet in Australia.

But how does a business that is more than 120 years old, and with an increasingly global presence, continue to be entrepreneurial? Heinrich reckons one of the ways is to have a very flat organizational structure. “We rely on the decision-making process of people in the market, in the different countries, in the different business lines,” he says. “This requires a lot of trust but, when the decision is taken at the operative level, it can immediately be implemented. It does not get stuck in thick webs of approval processes.”

When it comes to innovation, Heinrich is keen to continue Jebsen & Jessen’s global vision and to move continually up the value chain. “I see the business as less about the geographical differences and more about the differences in the activities we are involved in.” He uses the example of Jebsen & Jessen Family Enterprise’s garnet business in Australia (garnet is an abrasive mineral used for surface treatment and water-jet cutting): “We started as a distributor for garnet as a blasting material in Europe, then we bought into the mine producing garnet in Australia. And today, it is a global business for us, with three mines on three continents and process plants, warehouses and sales offices located throughout the world. We even buy garnet back from our customers, recycle it and sell it back into the market. It is a full value chain business for us – and represents a truly global approach. In these ways, our garnet business acts as a model for our other businesses.”

Only in his late 40s, Heinrich says succession at Jebsen & Jessen (SEA) is some way off, but that the pool is quite big for potential successors. One thing is for sure: when the time is right for the fourth generation to take over, the structure in place for family ownership and involvement in the various businesses under Jebsen & Jessen Family Enterprise should help to ensure a smooth and successful transition.

Heinrich Jessen

Chairman

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<td></td>
<td>distribution</td>
</tr>
<tr>
<td>Employees (2016):</td>
<td>4,000</td>
</tr>
<tr>
<td>Revenue (2016):</td>
<td>SG$1.2b</td>
</tr>
</tbody>
</table>

requires a lot of trust but, when the decision is taken at the operative level, it can immediately be implemented. It does not get stuck in thick webs of approval processes.”
Special recognition
“There is a reason why certain organizations and institutions that cross countries and borders actually have a consistency of experience, and it's not because there's one person who's out there enforcing it. It's because there's a vision out there that's enforced and reinforced by everyone within our organization, not just the family.”

William P. Lauder, Executive Chairman, The Estée Lauder Companies
Special recognition

William P. Lauder
The Estée Lauder Companies

In the world of beauty, The Estée Lauder Companies stands out as one of the world’s best in prestige beauty. But what is less well known about the famous cosmetics giant is its status as one of the world’s great family businesses. Three generations of the Lauder family have stood at the helm of The Estée Lauder Companies since it was founded in 1946. William P. Lauder, a member of the third generation, is currently the Executive Chairman. His father Leonard A. Lauder and uncle Ronald S. Lauder sit on the Board of Directors. And together with William’s cousins Aerin and Jane, the Lauders stand as one of the most distinguished families at the heart of a public company anywhere in the world.
Special recognition

There is no official list of the world’s most iconic companies. But if there were, The Estée Lauder Companies, the New York-based cosmetics company, would be among the first names to be on it. Founded more than 70 years ago, The Estée Lauder Companies is instantly recognizable – in the global beauty industry and beyond.

But what is less known, though just as big a reason for its success, is that The Estée Lauder Companies is a family business, currently with five Lauder family members actively engaged in its leadership. Indeed, it is one of the world’s greatest family businesses. And it is just as iconic in the world of family businesses as in the world of beauty.

The Estée Lauder Companies has achieved remarkable growth since launching as a single brand in 1946. In the year ending June 2016, the company had net revenues of US$11.26 billion. Today, it boasts a portfolio of more than 25 prestige beauty brands across makeup, skin care, fragrance and hair care. Apart from its founding brand Estée Lauder, the company is home to many other well-known brands such as Aveda, Bobbi Brown, Clinique, Jo Malone London and M·A·C Cosmetics.

At the heart of the company’s 70-plus years of success is the daring and determined spirit of its namesake founder Estée Lauder – one of the 20th century’s greatest entrepreneurs and businesswomen. Estée had a sixth sense when it came to beauty. But she combined her instincts with a highly tuned entrepreneurial intelligence only the very best in business will ever have. This quality is perhaps best summed up by one of her famous quotes: “No one ever became a success without taking chances ... One must be able to recognize the moment and seize it without delay.”

Estée Lauder – an entrepreneur like few others

Born in Queens, New York, in 1906, Estée’s interest in beauty was sparked in high school when her Hungarian uncle came to live with her family and began creating skin creams. Her knowledge and passion for beauty grew throughout the 1920s, when she met Joseph Lauter, whom she married in 1930. Shortly after, the couple adopted the surname Lauder, correcting a misspelling that dated back to when Joseph’s father emigrated from Austria to the US. In 1946, Estée and Joseph officially
launched the company and, a year later, they got their first major order: US$800 worth of products from Saks Fifth Avenue.

One of Estée’s greatest skills was her innate instinct for what women wanted. A brilliant marketer and saleswoman, she believed that, to make a sale, you had to touch the consumer, show her the results on her face, and educate her about the products. This more intimate style of engaging with consumers was the start of the company’s signature “High-Touch” approach to service. Estée also revolutionized how products were introduced with her now-famous “Gift with Purchase” concept – later copied by other cosmetics companies and currently a standard industry practice.

“I have so much admiration for my grandmother, who set out to create a brand and a company right after World War II,” says William Lauder. “She rode trains throughout the United States, sat outside of buyers’ offices, with the perseverance to say: ‘You have to try my product, you have to try this.’ It would have been extraordinary if it was a man doing this, but not unusual. But for a woman, in that time period, it was absolutely unheard of.”

Estée’s eldest son Leonard A. Lauder joined the family business in the late 1950s. As President and, later, CEO of the company, Leonard took the business to new heights, focusing on innovative sales initiatives and marketing programs. Under his leadership, the company launched famous brands such as Aramis, Clinique and Lab Series, and acquired brands M·A·C Cosmetics, Bobbi Brown and Aveda in the mid-1990s. Leonard became Chairman in 1995, when the company listed on the New York Stock Exchange. Today, he serves as Chairman Emeritus and is often referred to as “chief teaching officer.” His wife, the late Evelyn Lauder, was “the nose” of the company for many years, serving as Head of Fragrance Development Worldwide and Senior Corporate Vice President during her 50-plus years with the company. Evelyn was perhaps best known to the public for her work in bringing global awareness to women’s health and co-creating the Pink Ribbon, recognized as the worldwide symbol of breast health. Estée’s younger son Ronald S. Lauder has also played a big role in the success of the family business since joining in 1964. He is credited with helping Clinique to become a very successful business and was instrumental in the creation of the Prescriptives brand. He’s been Chairman of Clinique Laboratories since 1994 and sits on the Board of Directors of The Estée Lauder Companies.

The third generation came into the business more than 30 years ago when William, the son of Leonard and Evelyn Lauder, joined as Regional Marketing Director of Clinique for the New York metro area. In 1990, William led the creation of Origins, the industry’s first wellness brand in US department stores, and pioneered its innovative store-within-a-store concept. He was subsequently promoted to a number of senior leadership roles, including overseeing worldwide business for the Clinique and Origins brands and leading the company’s Freestanding Store business. William is also credited with leading The Estée Lauder Companies into the digital age with the launch of Clinique’s e-commerce site in 1996. In 2004, he was appointed CEO – a post he held for five years. Today, he is Executive Chairman and Chairman of the Board of Directors. His cousins
Aerin Lauder and Jane Lauder – both daughters of Ronald and granddaughters of Estée and Joseph – also hold senior leadership roles at the company. Aerin, who joined in 1992, is the founder and Creative Director of eponymous luxury lifestyle brand AERIN; she is also Style and Image Director of the Estée Lauder brand. Jane, who joined in 1996, has been the Global Brand President of Clinique since 2014. She previously oversaw the Origins, Ojon and Darphin brands, and has been a member of the company’s Board of Directors since 2009. “We each have our own lanes of authority and expertise,” says William.
“Investing in long-term growth and development helps us attract top talent. We want our people to grow their knowledge and skills continually, because we know that our most important asset is our people.”

William P. Lauder

A strong set of values

William, along with the rest of the Lauder family, believes the strong values of the company are a defining aspect of its long-term success. “We have a mission at The Estée Lauder Companies, which is to bring the best to everyone we touch,” he says. We always think: ‘What are those value systems that motivate us every day, that help us to make the day-to-day decisions of what makes a total company?’ There is a reason why certain organizations and institutions that cross countries and borders actually have a consistency of experience, and it’s not because there’s one person who’s out there enforcing it. It’s because there’s a vision out there that’s enforced and reinforced by everyone within our organization, not just the family.”

With a business as big as The Estée Lauder Companies, the management of talent at all levels is crucial. “For us, talent is about engaging, cultivating and retaining the best people, not just at the most senior levels, but also developing diverse junior and mid-level employees to ensure a strong pipeline of diverse future leaders,” says William.

“Investing in long-term growth and development helps us attract top talent. We want our people to grow their knowledge and skills continually, because we know that our most important asset is our people.”

William’s role as a top manager of one of the world’s most famous brands, as well as his skills in managing a family business, means that his insights into the world of management are in great demand. Since 2012, he has taught a course on leadership and decision-making at The Wharton School at the University of Pennsylvania. With regard to leadership, William says: “The single best leadership principle I can give anyone is that you have to be a very good, clear communicator, and you have to be a very effective enabler of your organization.” “Your people have to feel confident that they understand the mission, that they are prepared and trained and have the tools to make the right decisions, and that you as a leader give them permission to make the right decisions.”

“As a leader, whether you lead a counter, whether you lead a region, whether you lead a nation, it doesn’t matter, the principles are still the same. You have to get the best out of the people whom you have the responsibility of leading and, in order to do that, you have to help them to be as good as they can be. Coach them. Don’t do the job for them. Coach them to do it well. Encourage them to keep doing it well, and they will keep doing it well.”

Together, three generations of the Lauder family have created one of the most iconic companies in the world. The family’s strong set of values, which stem from the remarkable journey of visionary founder Estée, has been paramount to the company’s success for more than seven decades. Those same values will no doubt fuel the success of The Estée Lauder Companies for decades to come. And that is testament to one of the world’s greatest business families.

### William P. Lauder

**Executive Chairman**

**Company name:** The Estée Lauder Companies

**Generations:** Second and third

**Founded:** 1946

**Industry:** Cosmetics

**Employees (2016):** 46,000

**Revenue (2016):** US$11.26b
EY Family Business Thought Leadership
The top 500 family businesses in the world

David Bain

Now in its third year, the Global Family Business Index, which is compiled by the University of St. Gallen with support from EY, shows just how important family businesses are to the world economy and how they drive global employment growth. This year, after analyzing a range of well-established and more recent databases, the researchers in St. Gallen have been able to include 142 new family businesses in the index. Most of them (62%) are unlisted businesses – indeed, the hidden gems of the world economy – and are often missed because of the paucity of information about them.

Forty-nine of these new companies come from the US, another 12 from Russia, and 11 from China. With 126 companies in all, the US has the greatest number of family businesses in the index. It is followed by Germany with 71, France with 29, and India with 20. Interestingly, Switzerland is fifth on the list, despite its relatively small population – it has 19 companies, indicating the important role that family businesses play in the Swiss economy. A number of these companies are very well-known brands, such as the pharmaceuticals group Roche and the logistics group Kuehne + Nagel.

Between 2012 and 2015, the top 500 had a CAGR of −0.8%, but they generated 2.1 million new jobs during that period, an increase of 9.8%.
The 500 biggest family businesses employ more than 24 million people. The biggest employer is Wal-Mart, which has a staggering 2.2 million staff, nearly a tenth of the total. Other big employers include Volkswagen, which has more than 591,000 employees; Sodexo, the French services and facilities management group, with more than 422,000; and Berkshire Hathaway, the US investment group, with more than 361,000 (through its various investment subsidiaries). But not all the businesses were big employers: Rajesh Exports of India has 358 employees; Union Tank Eckstein of Germany has 350; and E1 Corp of South Korea employs just 226 people.

The split between listed and private businesses is fairly even, with the latter comprising a slightly higher 51% of the enterprises in the index. The most important industry sector among the top 500 is consumer products and retail, with 202 family-owned businesses in total. The leading brands in this sector are Wal-Mart, ALDI, Anheuser-Busch, Mars, IKEA, and Louis Vuitton Moët Hennessy. Tied for second place on the sector list are diversified industrial products, and automotive and transportation.

We looked at the compound annual growth rate (CAGR) from 2012 to 2015 for all the companies in the index. Interestingly, the total revenue figure for the top 500 actually fell to US$6.81 trillion in 2015 from US$6.9 trillion in 2012. Nevertheless, a number of companies enjoyed truly exceptional growth during these years, including the Wanxiang Group, an automotive components maker based in China, which recorded a CAGR of 203%. The second-highest growth rate came from the Dutch telecoms group Altice, which recorded a CAGR of 197%. Third on the list was Andrade Gutierrez, the Brazilian conglomerate.

Perhaps the most interesting statistic to emerge from the index is the age of many of these businesses. More than a quarter (144) of the companies are 100 years old or more, the oldest being the Japanese construction and engineering group Takenaka Corp, which was founded in 1610. It is followed by the German pharmaceuticals group Merck, founded in 1668, and the French financial group Wendel, founded in 1704. These companies continue to thrive, despite being more than 300 or 400 years old. All the centurions provide intriguing insights into the reasons why some businesses survive longer than others and, of course, continue to prosper.
The top 500 family businesses in the world

### Top 10 growth accelerators

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Revenue growth (CAGR) 2012–15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanxiang Group</td>
<td>China</td>
<td>203.3</td>
</tr>
<tr>
<td>Altice NV</td>
<td>Netherlands</td>
<td>196.7</td>
</tr>
<tr>
<td>Andrade Gutierrez SA</td>
<td>Brazil</td>
<td>180.5</td>
</tr>
<tr>
<td>JD.com</td>
<td>China</td>
<td>55.8</td>
</tr>
<tr>
<td>Sun Pharmaceutical Industries Limited</td>
<td>India</td>
<td>50.6</td>
</tr>
<tr>
<td>Orascom Construction Industries Company</td>
<td>Egypt</td>
<td>38.6</td>
</tr>
<tr>
<td>China Fortune Land Development Co Ltd</td>
<td>China</td>
<td>35.8</td>
</tr>
<tr>
<td>Lithia Motors, Inc.</td>
<td>United States</td>
<td>33.3</td>
</tr>
<tr>
<td>RP Group</td>
<td>United Arab Emirates</td>
<td>32.9</td>
</tr>
<tr>
<td>Lennar Corporation</td>
<td>United States</td>
<td>32.4</td>
</tr>
</tbody>
</table>
For ranking purposes, a family business is defined as follows: for a privately owned business, the family must control more than 50% of the voting rights; and for a publicly listed business, the family must control at least 32% of the voting rights.

It is generally assumed that 30% of the votes in a publicly listed business are sufficient to dominate the general assembly. This is because roughly 60% of the votes are present in the general assembly. Nevertheless, the University of St. Gallen decided to be more conservative, using a 32% cutoff for the classification of publicly listed businesses.

### The 10 oldest companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Founded</th>
<th>Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takenaka Corporation</td>
<td>1610</td>
<td>Japan</td>
</tr>
<tr>
<td>Merck</td>
<td>1668</td>
<td>Germany</td>
</tr>
<tr>
<td>Wendel</td>
<td>1704</td>
<td>France</td>
</tr>
<tr>
<td>Franz Haniel</td>
<td>1756</td>
<td>Germany</td>
</tr>
<tr>
<td>Molson Coors Brewing</td>
<td>1786</td>
<td>United States</td>
</tr>
<tr>
<td>Jerónimo Martins</td>
<td>1792</td>
<td>Portugal</td>
</tr>
<tr>
<td>Thomson Reuters</td>
<td>1799</td>
<td>Canada</td>
</tr>
<tr>
<td>D'Ieteren</td>
<td>1805</td>
<td>Belgium</td>
</tr>
<tr>
<td>Swire Pacific</td>
<td>1816</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Wieland-Werke</td>
<td>1820</td>
<td>Germany</td>
</tr>
</tbody>
</table>
The Global Family Business Index comprises the largest 500 family firms around the globe. It provides impressive evidence of the economic power and relevance of family firms in the world. The index is compiled by the Center for Family Business at the University of St. Gallen, Switzerland, with the support of EY’s Global Family Business Center of Excellence.

Here, we present the top 50 listed in the index as of 4 February 2016. We encourage you to find more about the this index at familybusinessindex.com.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company name</th>
<th>Headquarters</th>
<th>Sector</th>
<th>Founding year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wal-Mart Stores, Inc.</td>
<td>United States</td>
<td>Consumer products and retail</td>
<td>1962</td>
</tr>
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<td>2</td>
<td>Volkswagen AG</td>
<td>Germany</td>
<td>Automotive and transportation</td>
<td>1937</td>
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<tr>
<td>3</td>
<td>Berkshire Hathaway, Inc.</td>
<td>United States</td>
<td>Diversified industrial products</td>
<td>1955</td>
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<tr>
<td>4</td>
<td>Ford Motor Company</td>
<td>United States</td>
<td>Automotive and transportation</td>
<td>1903</td>
</tr>
<tr>
<td>5</td>
<td>EXOR SpA</td>
<td>Italy</td>
<td>Automotive and transportation</td>
<td>1927</td>
</tr>
<tr>
<td>6</td>
<td>Cargill, Incorporated</td>
<td>United States</td>
<td>Consumer products and retail</td>
<td>1865</td>
</tr>
<tr>
<td>7</td>
<td>Bayerische Motoren Werke AG (BMW)</td>
<td>Germany</td>
<td>Automotive and transportation</td>
<td>1916</td>
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<tr>
<td>8</td>
<td>Koch Industries Inc.</td>
<td>United States</td>
<td>Oil and gas</td>
<td>1940</td>
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<td>9</td>
<td>Schwarz Group</td>
<td>Germany</td>
<td>Consumer products and retail</td>
<td>1930</td>
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<td>10</td>
<td>ALDI Group</td>
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<td>11</td>
<td>Comcast Corp.</td>
<td>United States</td>
<td>Media and entertainment</td>
<td>1963</td>
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<td>Gunvor SA</td>
<td>Switzerland</td>
<td>Oil and gas</td>
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<td>13</td>
<td>Arcelor Mittal</td>
<td>Luxembourg</td>
<td>Mining and metals</td>
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<td>Groupe Auchan S.A.</td>
<td>France</td>
<td>Consumer products and retail</td>
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<td>Dell Inc.</td>
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<td>Technology</td>
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<td>Reliance Industries Limited</td>
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<td>Louis Dreyfus Holding B.V.</td>
<td>Netherlands</td>
<td>Power and utilities</td>
<td>1851</td>
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<td>18</td>
<td>America Movil SA de CV</td>
<td>Mexico</td>
<td>Telecommunications</td>
<td>2000</td>
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<td>19</td>
<td>CASINO GUICHARD-PERRACHON</td>
<td>France</td>
<td>Consumer products and retail</td>
<td>1898</td>
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<tr>
<td>20</td>
<td>Roche Holding AG (Roche Group)</td>
<td>Switzerland</td>
<td>Life sciences</td>
<td>1896</td>
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<td>21</td>
<td>LG Corporation</td>
<td>South Korea</td>
<td>Technology</td>
<td>1947</td>
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<td>22</td>
<td>Amer Technology (Shenzhen) Co. Ltd.</td>
<td>China</td>
<td>Diversified industrial products</td>
<td>1994</td>
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<td>23</td>
<td>Dalian Wanda Group</td>
<td>China</td>
<td>RE, hospitality and construction</td>
<td>1988</td>
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<td>Anheuser-Busch InBev SA</td>
<td>Belgium</td>
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<td>Continental AG</td>
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<td>26</td>
<td>Tyson Foods Inc.</td>
<td>United States</td>
<td>Consumer products and retail</td>
<td>1935</td>
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<td>27</td>
<td>JBS SA</td>
<td>Brazil</td>
<td>Consumer products and retail</td>
<td>1953</td>
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<td>28</td>
<td>AP Moeller/Maersk Group</td>
<td>Denmark</td>
<td>Oil and gas</td>
<td>1904</td>
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<td>29</td>
<td>Ineos Group</td>
<td>Switzerland</td>
<td>Diversified industrial products</td>
<td>1998</td>
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<td>30</td>
<td>Tata Motors Limited</td>
<td>India</td>
<td>Automotive and transportation</td>
<td>1945</td>
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<td>31</td>
<td>Christian Dior SA</td>
<td>France</td>
<td>Consumer products and retail</td>
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<td>32</td>
<td>LVMH Moët Hennessy Louis Vuitton SA</td>
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<td>1987</td>
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<td>Idemitsu</td>
<td>Japan</td>
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<td>IKEA Group</td>
<td>Netherlands</td>
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<td>Mars Incorporated</td>
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<td>Consumer products and retail</td>
<td>1891</td>
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<td>36</td>
<td>George Weston Ltd. Company</td>
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<td>Consumer products and retail</td>
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<td>37</td>
<td>Odebrecht S.A.</td>
<td>Brazil</td>
<td>RE, hospitality and construction</td>
<td>1944</td>
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<tr>
<td>38</td>
<td>Bechtel Group Inc.</td>
<td>United States</td>
<td>RE, hospitality and construction</td>
<td>1898</td>
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<tr>
<td>39</td>
<td>Sears Holdings Corp.</td>
<td>United States</td>
<td>Consumer products and retail</td>
<td>1886</td>
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<tr>
<td>40</td>
<td>Nike Inc.</td>
<td>United States</td>
<td>Consumer products and retail</td>
<td>1964</td>
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<td>41</td>
<td>Penske Corporation</td>
<td>United States</td>
<td>Automotive and transportation</td>
<td>1969</td>
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<tr>
<td>42</td>
<td>21st Century Fox</td>
<td>United States</td>
<td>Media and entertainment</td>
<td>1979</td>
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<td>43</td>
<td>Andrade Gutierrez S.A.</td>
<td>Brazil</td>
<td>RE, hospitality and construction</td>
<td>1948</td>
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<tr>
<td>44</td>
<td>Mediterranean Shipping Company (MSC)</td>
<td>Switzerland</td>
<td>Automotive and transportation</td>
<td>1970</td>
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<td>45</td>
<td>JD.com</td>
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<td>1998</td>
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<td>Power Corp. of Canada</td>
<td>Canada</td>
<td>Insurance</td>
<td>1925</td>
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<td>47</td>
<td>L’Oréal SA</td>
<td>France</td>
<td>Consumer products and retail</td>
<td>1909</td>
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<td>48</td>
<td>Enterprise Products Partners LP</td>
<td>United States</td>
<td>Oil and gas</td>
<td>1968</td>
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<td>49</td>
<td>C &amp; S Wholesale Grocers Inc.</td>
<td>United States</td>
<td>Consumer products and retail</td>
<td>1918</td>
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<tr>
<td>50</td>
<td>BCD Group</td>
<td>Netherlands</td>
<td>RE, hospitality and construction</td>
<td>1975</td>
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</table>
What makes family businesses dynamic?

Lessons learned from our Family Business Award of Excellence winners on talent, innovation and growth

Family businesses were meant to be swept aside by the development of capital markets. But the reverse has happened. Today, they are arguably the most sustainable and dynamic business model globally. Their numbers are increasing, not diminishing. What makes them so dynamic?

As the popularity of the family business model grows, more people are asking questions about what sustains them over the generations. How do family businesses continue to grow, create jobs and innovate long after the original entrepreneur has died? What is so special about their business model?

There is no single answer to these questions. Indeed, the dynamism of a family business over multiple generations is often linked to individual factors relating to a specific business, rather than to any commonality of reasons between similar types of business. Nevertheless, we are now in our fourth edition of the Family Business Yearbook, and we have interviewed hundreds of successful family businesses and have begun to see some common themes that help to explain their dynamism. These themes are centered on three areas – innovation, growth and talent management – and they will be explored in this essay.

Innovation is that special piece of magic that can make a business prosper.
The magic of innovation

Innovation is that special piece of magic that can make a business prosper. Of course, other factors play an influential role, but ask pretty much any business owner and their ability to innovate comes near the top of their list of what makes them successful. But how do family businesses innovate when many of them have moved on from the initial entrepreneur who set the business up? After all, innovation is usually associated with the latest ideas from a start-up tech company, not businesses that have been around for 50-plus years.

That said, if businesses do not innovate, surely they will end up failing. This leads to a potential paradox — businesses that have been around for 50-plus years look to be just as innovative, if not more so, than tech start-ups. Indeed, innovation is just as much of a factor in successful multigenerational family businesses as it is in any business. But what makes innovation different in a family business? When asked, they point to some common themes. One of these is the freedom to spend generously on R&D.

Family businesses often spend at the level that is required in order to push innovation further for the products and services they have been developing for years. Anton Paar GmbH (see profile page 26), an Austrian maker of high-precision measuring equipment and a fifth-generation family business, is a good example. The company spends 20% of its annual revenues on R&D. This high level of spend is made possible by being a family business, says its CEO Friedrich Santner. “There are no shareholders taking profits out of the company. Most listed businesses would not be allowed by their shareholders to invest so much of their revenues in R&D,” he says.

This is a sentiment shared by Winsert, Inc. (see profile page 132), an automotive component maker based in America’s Midwest and a second-generation family business. Winsert has grown its R&D department from a one-person office to a newly purpose-built 10,000-square-foot facility with 12 staff. “Innovation is the reason why Winsert has remained world class and relevant,” says Trisha Lemery, the company’s President and CEO. “It has become our core competency.”

Tied up with the freedom to spend on R&D is the ability to take a long-term perspective on their businesses. OK, this is the old nugget that gets pulled out a lot whenever considering the virtues of family businesses. But it can never be said too many times. Rarely do family businesses talk about quarterly innovation targets or one-year targets; instead, they talk about five-year targets and beyond. They have the luxury of thinking long term when it comes to innovation – and often, innovation that works needs considerable time to develop.

Businesses that have been around for 50-plus years look to be just as innovative, if not more so, than tech start-ups.
What makes family businesses dynamic?

Individualism and innovation

But perhaps it is the individual observations on innovation that are the most interesting – and the most instructive. Here is what Guido Vanherpe, CEO and Member of the Board of Directors of La Lorraine Bakery Group (see profile page 32), says about innovation: “Entrepreneurship and innovation are synonymous. You don’t have one without the other.” He adds, “The important thing to know about entrepreneurship in business is not to lose it. Once you lose it, entrepreneurship is extremely difficult to regain. We have to do everything to keep it.” Guido has a very strong belief in organic growth as a driver of entrepreneurship and innovation. “If acquisitions become the main strategy of growth, they are likely to destroy entrepreneurship.”

Jørgen Mads Clausen, Chairman of the Danish company Danfoss (see profile page 3B), thinks innovation is inherently tied up with technology. Danfoss is strong on innovation. Back in the 1930s, it was a pioneer in the development of refrigeration technology – which Jørgen rightly said was the equivalent in technological terms of today’s cutting-edge smartphones. Jørgen says that innovation at Danfoss is a bit chicken-and-egg in its interpretation – first you need the technology, then you get the innovation. He also talks about the idea of promoting the concept of the “man on the moon” within the company’s culture. This is a way to achieve good innovation, Clausen thinks. Innovation led to the landing on the moon, but how they got there was also due to meticulous planning. This, says Clausen, is good innovation, which can be translated into the products and services that customers want.

For Heinrich Jessen, head of the Singapore-based family business Jebsen & Jessen (SEA) (see profile page 184), innovation means to continue moving up the value chain. Jebsen & Jessen (SEA) is an industrial enterprise spanning manufacturing, engineering and distribution. So it is involved in many sectors, and that’s where moving up the value chain and across different sectors makes real sense when it comes to innovation. Australian family business the Manildra Group (see profile page 172) links innovation with export markets. “Through our focus on innovation and sustainability of Australian manufacturing and agricultural industries, we have adopted a truly global outlook,” says John Honan, Managing Director of the group. “This constant innovation has been necessary to maintain a competitive edge and to meet the ever-changing demands of the export market.”
Interpretations of growth

Growth is usually the by-product of innovation. Businesses that innovate are more likely to grow. But what does growth mean for family businesses, and does growth mean something different for a family business from what it does for a non-family business? Of course, all businesses need to grow or eventually they will fail. Yet family businesses seldom place as much store on growth as other businesses do. Studies show that family businesses tend to perform better during economic downturns than their non-family counterparts. But, of course, the reverse has also been proven, whereby family businesses perform less well in an economic growth phase compared with non-family businesses.

None of the family businesses interviewed for the Family Business Yearbook ever downplay the importance of growth. But nor do they say their objective is growth regardless of the cost. Rejlers (see profile page 92), a Swedish engineering consultancy company, believes that — despite being listed on the local stock market — the long term is the most important objective. Stewardship of the business for the next generation is what it is all about. “Even though we are a listed business, we have very much a long-term attitude to growth,” says Peter Rejler, CEO of the group. “You must be prepared not to make a big profit every year, even when you’re a listed business. You need to make sure the company survives to the next generation as well.”

The LDC Group (see profile page 50), one of Europe’s biggest poultry companies, links growth to its identity. Denis Lambert, Chairman and CEO, has his own motto — “Growth without losing identity!” — which helps to define the values of the company as it strives for growth. “The company’s family character often comes to the fore when it comes to growing the business,” says Denis. “LDC succeeds by developing its processes – it takes time to observe and learn from the existing processes to build something better.”

Family businesses are unique in their ability to oversee growth during difficult times. Recent studies have suggested that family businesses are more likely to survive downturns in economic activity than their non-family counterparts. Also, they are more likely to retain staff during these difficult times.

Slovenia’s KLS Ljubno (see profile page 80) is a good example of durability of family businesses. Although well established and successful today, the business has often traded through tough times, when other businesses would probably have given up. “During the economic crisis of the 1990s, our father had to work all the time to get things back on track,” says Nataša Strašek, one of the founder’s two daughters who work at KLS. “These were difficult times, but we did not complain because we understood even back then what was at stake, and that our father needed the support of the family.”

Studies show that family businesses tend to perform better during economic downturns than their non-family counterparts.
What makes family businesses dynamic?

Managing talent

The third element in the family business dynamic is talent. How do family businesses manage talent over successive generations? How do they avoid the worst aspects of nepotism and reassure talented non-family staff of the benefits of working for them, despite the glass ceiling of family control? All family businesses will tell you that nepotism is bad and they do not practice it. But in reality, it still happens and creates a problem with managing talent in family businesses. Increasingly, good family and corporate governance are viewed as the best means of managing talent at all levels.

This point is illustrated by the experiences of the German family business Dachser (see profile page 56), one of Europe’s biggest logistics companies. The family shareholders believe in a very clear division of power between the family and the business, which is clarified by CEO Bernhard Simon’s well-known quote: “Company before family.” And he adds: “The company will last well into the future only if the family itself stands behind the company in the long term. That is why it is so important to create structures, bylaws, contracts and governance rules that maintain the close relationship between continuity of ownership and that of the company.” For Dachser, exceptional governance is key to managing talent and business success.

But it is the next generation that will ultimately secure the future of the family business model. And here, there are some interesting developments. One of the most pertinent of these is reverse succession, whereby a next-generation member goes out and sets up a business or career outside of the core family business, and attempts to prove their own entrepreneurial and managerial skills independently. If a next-generation member progresses by setting up a successful business or succeeds in another company, this helps to alleviate any perception of nepotism if they then go on to work at the core family business. And it also helps to reassure the controlling generation that the next generation’s skills are up to managing the core business, if and when they join.

There are few better examples of this trend than this year’s EY NextGen Club Award winner Christina Suriadjaja (see profile p.). Christina, whose family owns

Increasingly, good family and corporate governance are viewed as the best means of managing talent at all levels.
a prominent business in the property sector, is the co-founder of Travelio.com (see profile page 223), an online short-term home rental provider in Indonesia. “Growing up with unquestionable respect and obedience toward our first-generation patriarch leaders doesn’t set an easy stage for the third generation,” says Christina. “It’s even more of a problem for women entrepreneurs like me.” But by setting up Travelio.com, Christina has broken down some of those preconceived ideas and has proven her skills to the family. Christina’s example is a good way of managing talent within the family.

What constitutes the dynamism of family businesses will preoccupy observers of the sector for many years to come. But the role of innovation, growth and talent – as practiced by all the country winners of the EY Family Business Award of Excellence – is a good place to analyze their dynamism. At the very least, all their stories provide a fascinating insight into what makes family businesses work, and why they are essential for the health of the global economy.

The three themes of innovation and family businesses

Innovation is often specific to individual businesses – what leads to innovation in one business may not necessarily lead to innovation in another. Nevertheless, there are some common themes when it comes to innovation in family businesses:

**R&D**
Family businesses often say the ability to spend on R&D for their products and services at a non-specified level is crucial for their ability to innovate. Some family businesses spend as much as 20% of their annual revenues on R&D.

**Long-term planning**
Rarely do members of family businesses talk about quarterly innovation targets or one-year targets; instead, they talk about five-year targets and beyond. They have the luxury of thinking long term when it comes to innovation – and often, innovation that works needs some time to develop.

**Decision-making**
Family businesses often talk about their ability to act fast when it comes to decision-making – and that helps them to innovate. They are often much less bureaucratic than businesses that have many shareholders. Even family businesses that are publicly listed talk about the need to make and implement decisions quickly. Most say the ease of decision-making helps them to innovate.
2017 Global Family Business Tax Monitor
Preserve your legacy: a global study on inheritance tax for family business

Marnix van Rij
EY Global Family Business Leader and Global Leader, Private Client Services Tax

Marnix has more than 30 years of experience in the field of tax and specializes in issues relating to ultra-high-net-worth individuals (UHNWIs) with a business connection, (corporate) income tax; capital gains tax; wealth tax and estate tax planning – domestically and cross-border. He is Global Client Service Partner of a major internationally orientated Dutch family-owned business. His major projects include advising about foreign investments, succession planning, restructuring corporate and personal holding structure.

Thomas Zellweger
Professor and Chair of Family Business, University of St. Gallen

Thomas Zellweger is Chair of Family Business at the University of St. Gallen, Switzerland, where he also directs the school’s Center for Family Business. He was a research fellow at Babson College, US; a visiting professor at the University of British Columbia, Sauder School of Business, Canada; and is currently a visiting professor at the University of Witten/Herdecke, Germany. Thomas is a member of three supervisory boards of family firms in Switzerland, and advises family firm owners on governance and strategic issues.
Do you know what taxes will apply when you pass your family business on to the next generation?

Smooth succession is at the heart of the health and longevity of family businesses. And a vital component of succession planning is inheritance tax planning, because the differences in inheritance tax rates between jurisdictions can have a very negative impact on the proportion of assets that a family business can pass on to the next generation.

You might be forgiven for assuming that, if a country offers a business-friendly, benign tax environment in which to start and scale a business, it will also allow the smooth transition of that business to the next generation. But this is not always the case. And, even though many countries have no explicit inheritance tax, they may instead impose a range of financial burdens or hidden taxes that apply to the transfer of a family business to the next generation.

The University of St. Gallen and EY have teamed up to compare 69 different countries’ inheritance rules with regard to family business succession in order to identify the economies that offer the best conditions for family business transfer.

Equality or preservation?

Inheritance taxes, like all taxes, are not only of interest to those who are directly affected by them. Differing approaches to tax may reflect cultural attitudes to wealth, and they will have an impact on society as a whole.

Some countries are committed to minimizing the degree of wealth that can be inherited. These jurisdictions typically promote an egalitarian society in which the gap between the very richest and the very poorest is minimized – or at least controlled. Inheritance tax is designed to spread wealth more widely and prevent a concentration of wealth in the hands of a few families. The consequence is that this can, and does, affect family business assets as much as personal assets.

Other jurisdictions are committed to supporting stable family networks in which wealth is preserved. But an analysis of our findings shows jurisdictions that, on the face of it, share similar approaches to wealth (Austria and the UK, for example) apply widely different tax rates to family business transfer.

For the purposes of this study, we have taken a simple and universal example to illustrate global differences, based on the following scenario:

Bob Smith (58 years old) is a 100% owner of the business he founded and is a resident of the capital city of your country. The taxable value of the business is US$10 million. Bob has two children: Mike (28) and Molly (25). Unexpectedly, Bob dies and, through his will, the company passes to his children.

What inheritance tax will Mike and Molly have to pay?
Ranked in order, Switzerland, Singapore, the US, the Netherlands, Germany, Sweden, the UK, Japan, Hong Kong and Finland comprise the top 10 best places in the world to do business, according to the World Economic Forum (WEF) Global Competitiveness Report 2016-2017. And yet, while Switzerland and Germany have zero inheritance tax, the rates in the UK and Japan are 40% and 41.3% respectively.

Across the G20 – the leading 20 economies in the world – a similar picture emerges: the countries that are highest ranked in terms of global competitiveness are among those that apply the highest inheritance tax rates.

When we compare jurisdictions’ corporate tax rates with their inheritance tax rates, we see a lack of correlation.

At the lower end of corporate tax burden percentages are Canada, Taiwan and the UK, but each of these jurisdictions applies a heavy burden on the transfer of family business to the next generation. The maximum inheritance tax rate is applied in Japan, while family businesses in mainland China, South Korea and Indonesia enjoy zero rates.


Global Competitiveness Index ranking (left axis) and case study inheritance tax rate (%) in case of corporation (right axis)
Where are the world’s largest family businesses located?

The 2017 Global Family Business Index (Top 500) ranks the world’s biggest family-owned businesses – each of them with revenues of more than US$3.1 billion. “While there are many factors that combine to create a benign environment for family businesses,” says Marnix van Rij, EY Global Family Business Leader, “We can see a correlation between low inheritance tax rates and high numbers of top 500 family businesses.” For example, Germany and Switzerland together are home to almost 1 in 5 (19%) of the top 500.

* Source: familybusinessindex.com.

Number of top 500 family businesses by country

Source: 2017 EY Global Family Business Index.
Do countries with high entrepreneurial activity rates enjoy low inheritance tax?

Countries that score highly on the Total Entrepreneurship Activity (TEA) Index do, as a rule, appear to enjoy relatively low inheritance tax rates for business succession. While it is beyond the scope of our study to prove causation, we can see a correlation between countries that have proven strategies for encouraging entrepreneurial activity and low rates of inheritance tax (IHT) when the time comes to pass on that business to the next generation. The group of countries that apply a maximum IHT rate (before exceptions) of 30% and more all score below the 10% rate on the TEA scale.

There are as many differences between countries in the G20 as there are in the complete listing of 69 countries in our survey: being in a more mature economy is no guarantee of a low IHT burden.
Regional comparisons

In Europe, where a median total tax burden of just over 35% applies, IHT burdens vary from zero (for example, in Switzerland, Poland, Spain, Sweden, Austria and Italy) to 40% (the UK), 20% (Denmark) and 10% (Iceland and Greece).

Across the Americas, where the region as a whole enjoys a median total tax burden of just over 20%, there are individual spikes in IHT at 15%, and more in Argentina, Venezuela, the US and Canada (which, at 27%, is the Americas’ highest-taxed jurisdiction for passing on a family business).

Across the Asia-Pacific region, 10 in 13 economies apply zero inheritance tax to family businesses passing from one generation to the next, but the region also includes the world’s highest inheritance tax economy in Japan. As a whole, the region enjoys a low rate of total tax burden at less than 20%.

In Africa and the Middle East, where maximum corporation tax levels vary radically, from the United Arab Emirates’ zero to Saudi Arabia’s 85%, the inheritance tax rate that would apply to our example would be zero across the whole region.

What does this regional picture tell us? It shows that inheritance tax rates vary at the country rather than the regional level, and that there is no correlation between IHT approaches and other prevailing taxes, be they corporation taxes or the total tax burden.

Implications for family business owners, policy-makers and legislators

The takeaway for family business owners is clear: if you want to protect your legacy and your heirs, tax planning is essential. The complexities of different countries’ tax approaches to family business transfer are significant and often counterintuitive. You may think you are operating in a benign, pro-business jurisdiction, but that is no guarantee of a low IHT burden.

For policy-makers and legislators, these analyses offer some compelling evidence that high IHT rates can and do damage the longevity and growth rates of family businesses, to the ultimate detriment of the country’s economy. “Family businesses are pivotal for economic growth everywhere,” EY’s van Rij points out. “This survey shows how important careful tax planning is to preserve the continuity of the family business and, with it, the health of the global economy.”

To read the full interactive survey, visit familybusinesstaxindex.com.
EY NextGen Program
The EY NextGen Program offerings consist of training events and networking opportunities for young entrepreneurs and successors in family business who are aged 16 to 30.

The EY NextGen Academy is unique because it combines the expertise of many of the top international business schools with the best practical experience and advice from EY. Participants benefit personally from the experience of exceptional business personalities and their peers from around the world. The Academy doesn’t specifically prepare participants to take over a business, but it does address the main issues of keeping entrepreneurship alive within a family business and helping it succeed for generations to come.

After completing the program, participants can stay in touch via the EY NextGen Club. This exclusive global network connects family business entrepreneurs and offers them somewhere they can find support and advice when they need it most.

Taking the various interests and development needs of different age groups into account, the program runs a three-tiered approach: the EY NextGen Academy First Program, Advanced Program and Excellence Program.

“Thank you once again for yet another amazing summer of NextGen Academy. My children came back with new stories, new relationships and new skills that they would not have learned without this incredible program. I am looking forward to many more years of them participating.”

Aubra L. Franklin
Chairman and CEO, The Franklin Companies, US

“The academy was one of the best business and personal experiences of my life.”

Anan Almoallim
NextGen member, Saudi Arabia
Highlights of 2016

In 2016, 120 young people from 32 different countries attended events run by the NextGen Academy:
Ashridge Business School in the UK, INSEAD Business School in Singapore, SDA Bocconi School of Management in Italy, Rotman School of Management in Canada and Columbia Business School in the US.

Among the daily challenges, participants in the First Program in Singapore were given a project task by Richie Eu, a fifth-generation member of Eu Yan Sang, which specializes in traditional Chinese medicine (TCM). Participants were given the task of developing products and marketing concepts for opening up the TCM space to a younger audience. The project task for the First Program in the UK was set by Cédric Nidecker, third-generation member and COO of Swiss-based Nidecker Group, one of the leading manufacturers and brands in snowboarding. Cédric gave the group some firsthand insight into the history, current product portfolio, future trends and marketing strategies of Nidecker, and asked participants to develop a strategy for one of the firm’s latest innovations.

In this year’s Advanced Program, consulting teamwork was added to the curriculum. The participants, who came from a record-breaking 16 different countries per session, had to create a social media recruiting campaign for their own family businesses. They presented their campaigns to jurors from our Milan and Toronto offices, who gave awards to the best ones.

In addition, participants enjoyed lectures on family business innovation, international tax strategies, and family business governance and succession, which were conducted by family business academics and EY professionals. Moreover, a comprehensive 360 degree feedback and assessment tool enabled participants to learn more about their own social styles and versatility.

The Excellence Program at Columbia University reached another all-time high with a two-digit waiting list and amazing feedback from participants and parents alike.

Sessions in 2017 will be held at INSEAD Business School in the UAE, HKUST Hong Kong University of Science and Technology Business School in China, Kellogg School of Management in the US, MBS Melbourne Business School in Australia and Ashridge Business School in the UK.

We are looking forward to welcoming participants to the 2017 NextGen events, to be held in July, August and October.

For more information about the EY NextGen Program and this year’s academy events, please visit our website www.ey-nextgen.com or email nextgen@ey.com.
The EY NextGen Club is a unique network of young entrepreneurs from around the globe. Club members have access to a private, self-governed and extremely active online community where they can interact, find out about opportunities and compare notes with their peers. Club members also get together once a year at the EY NextGen Reunions.

One of the greatest advantages of being a member is the unique opportunity to participate in the EY NextGen Club Award, which recognizes the entrepreneurial achievements of EY NextGen Club members. The award gives young successors in family businesses the chance to have their entrepreneurial achievements judged by a panel of academics, peers, EY partners and family business leaders.

**Judging panel 2017**

Aubra L. Franklin  
Chairman and CEO  
The Franklin Companies, US

Carrie Hall  
EY Americas Family Business Leader

Annie Koh  
Professor of Finance and Academic,  
Director of the Business Families Institute,  
Singapore Management University

Ian Burgess  
EY Asia-Pacific Family Business Leader

Peter Honegger and Daniela Pillhofer  
EY NextGen Club Award winners 2016  
Newcomer Wines, UK

Aubra L. Franklin  
Chairman and CEO  
The Franklin Companies, US
Winner of 2017: Christina Suriadjaja, Travelio.com

Christina Suriadjaja likes following unconventional paths. When she was just 14, she became a professional netball player for the Singapore national side. Later, deferring a prestigious graduate degree in the US and a top job with a world-renowned travel group, at the age of 23, she set up her own company, an online Indonesian travel firm called Travelio.com. But following a less conventional path has been fruitful for Christina. Travelio.com, a home rental provider that manages individual owners’ and property developers’ units for short-term rentals, is now a successful travel group. It is in one of the most rapidly expanding sectors in the country, and Indonesia is expected to have the fastest-growing online tourism market in the Asia-Pacific region over the next five years.

But following a less conventional path has been fruitful for Christina. Travelio.com, a home rental provider that manages individual owners’ and property developers’ units for short-term rentals, is now a successful travel group. It is in one of the most rapidly expanding sectors in the country, and Indonesia is expected to have the fastest-growing online tourism market in the Asia-Pacific region over the next five years.

The more conventional – and easier – path for Christina would have been to follow the typical next-generation route into her family business. This would have meant not deferring that graduate degree and working a bit longer at the prestigious travel group before entering the family business.

The family business is, in Christina’s case, PT Surya Semesta Internusa, a big Indonesian property, construction and hospitality group that was started by her grandfather in 1971 and is now run by her father Johannes Suriadjaja. That said, the link with the family business was not broken completely. Travelio.com is backed by Surya Semesta Internusa, which is a minority shareholder. But the idea of starting the business was very much Christina’s, and she used US$90,000 of her life savings to get the company off the ground. She also had to convince her family that it was a good idea.

“Growing up with unquestionable respect and obedience toward our first-generation patriarch leaders doesn’t set an easy stage for the third generation,” says Christina. “It’s even more of a problem for women entrepreneurs like me.” Christina says that, in the eyes of most of her relatives, her decision to pursue her entrepreneurial spirit with Travelio.com was just another “deviation phase,” similar to the netball episode when she was 14. Some even labeled her company a “small project” that was unlikely to amount to much. But, as Travelio.com has succeeded, their doubts have been assuaged, especially those of Christina’s father.

“My relationship with my daughter has always been very good, and that’s never changed,” Johannes says. “But I have now become more of a mentor to her on business skills and less like a parent.” Christina says the relationship is very much one of mutual respect. “We have become closer since working together. He gives me a lot of independence and doesn’t actually tell me what to do,” she says. “He’s more of a mentor these days and is very philosophical, asking: ‘What’s your purpose in life?’ and ‘How do you want to treat people?’ He doesn’t tell me what I have to do this year, but reminds me of the long term.”

Christina also says that her experience at a sports boarding school in Singapore, while she was pursuing her netball career, was great for character-building. “This was a significant milestone, as the boarding school shaped my character development and instilled great discipline, perseverance and determination in me, qualities that helped me launch my company.”

Travelio.com is certainly on the move. It has some big-name partners such as TripAdvisor and Tuniu, and it has also been promoted by Indonesia’s Ministry of Tourism. “I have learnt to align Travelio.com’s vision and mission and to optimize the company’s management skills. On these foundations, I can carry forward my early-stage travel company to be the top online, alternative accommodation-booking platform in Indonesia by the end of the year,” says Christina. With these skills and the determination that Christina gained at such an early age, few would bet against her making a great success of Travelio.com.
Fifth EY NextGen Club Reunion in Sri Lanka
Tomorrow's family business entrepreneurs gathered in Colombo for the 2016 NextGen Club Reunion

From 8 to 11 September 2016, EY NextGen Club members from all over the world met at the fifth annual reunion, which, this year, took place in Sri Lanka. The event gave NextGen Academy alumni the opportunity to meet local businesses and entrepreneurs, as well as to foster personal networks.

The event started with dinner and Sri Lankan entertainment at the historic Galle Face Hotel. The event was hosted by Sanjeev Gardiner, fourth-generation family business member and Chairman of the hotel.

Annie Koh, Professor of Finance at the Singapore Management University, ran an intensive half-day workshop on family business innovation and transformation, outlining the attributes of success.

After lunch, the group was taken on an exclusive tea factory tour and tea tasting at Dilmah, one of Sri Lanka’s most international brands. Later in the day, Dhammika Perera, Chairman of Vallibel One PLC, invited the group to a private meet and greet, sharing his best advice for personal and business success. The session was topped off with an exclusive dinner at Dhammika Perera’s seafood restaurant, which has magnificent views over Colombo from its famous Sky Lounge bar.

On the second day, all the participants had to get up early for a trip to MAS Intimates Thurulie, which claims to be the world’s finest clothing factory to be powered solely by carbon-neutral sources. The mood on the bus was fantastic despite the early start – lots of stories were shared and millions of pictures taken. The late afternoon and evening were spent at Heritance Negombo, a five-star hotel run by our EY NextGen Club Ambassador Stasshani Jayawardena. After an official session in which participants jointly discussed strategies on how to develop the EY NextGen Club further, everybody was invited to enjoy the exclusive hotel facilities. The fifth annual NextGen Club Reunion closed with an exclusive beach BBQ and entertainment.

This year’s EY NextGen Club Reunion will take place in September 2017 in Palo Alto, and will include a session at the Stanford PACS Center on Philanthropy and Civil Society.

The EY NextGen Club is open to NextGen Academy alumni. The unique network currently numbers more than 530 members from 58 countries.
EY Global Family Business Center of Excellence
Driving growth and maintaining family cohesion: the unique challenges for family business leaders

While every family business is unique, successful family businesses that innovate and grow, generation upon generation, have much in common. We know that an aligned family and business strategy secures both your family’s and your company’s values long term, and forms the foundation for the planning of ownership and management succession so the business is able to grow and succeed for generations.

Understanding these success factors, coupled with our in-depth knowledge of the needs of family businesses, underpins our Growth DNA of a family business model.

Services

Our services help family businesses balance the need to accelerate growth with maintaining family cohesion, nurturing next-generation leaders and building foundations for the business to succeed for generations:

- **Family Governance Services** helps entrepreneurial families manage themselves successfully by getting all the family members working as a team, making the right decisions at the right time, and ensuring that those decisions take into account both the family’s wishes and the corporate goals.

- **Succession Planning** helps families develop a succession journey and put it into practice, building a platform for growth from one generation to the next.

- **Family Office Services** helps families structure their wealth and investments to support innovation and growth, build a legacy for the family and preserve wealth for future generations.

- **Family Philanthropy Services** helps families build a lasting legacy by using their resources for social impact.
Family Business

Effective tax management
- Personal tax
- Corporate tax
- Tax controversy
- International issues and transfer pricing
- Family trust management

Family governance
- Contingency management
- Family charters
- Non-family executive appointments
- Organizational design
- Mergers, collaborations and acquisitions

Family business events
help family business owners expand their global network, inspire and learn from each other, and connect with the ecosystems that can help them grow.

Managing capital
- Capital agenda and cash management
- Family bank functions
- Portfolio optimization
- Cash flow forecasting
- Acquisitions and divestitures

Managing and retaining talent
- Bringing outsiders into the family circle
- Attracting and retaining non-family talent
- Motivating through incentives
- Managing managers
- Building your employee brand
- Mobilizing your workforce

Balancing risk
- Balancing risk and opportunity
- Having a proactive risk attitude and appetite
- Decision-making
- Protecting your assets

Next-generation planning
- Succession planning
- Future management governance
- Inheritance and estate transfer tax
- Transferring entrepreneurship
- Conflict

Sustaining growth and profitability
- Long-term objectives
- Optimizing market reach
- Fulfilling customer needs efficiently

Culture and responsibility
- Sustainability
- Corporate and social responsibility
- Stakesholder management and sustainability reporting
- Corporate culture
- Foundation management

Growth DNA of a family business
Our bespoke model supports both the personal and company performance agenda of family business leaders and aims to help you succeed for generations.

Programs
Our programs help family businesses nurture and inspire the next generation leaders:

- The EY NextGen Academy helps family businesses nurture the entrepreneurial spirit and talents of young successors. It is run in partnership with leading international business schools.

- Family Business Award of Excellence recognizes and celebrates the successes of outstanding entrepreneurial families, inspiring next-generation leaders. It is part of the EY Entrepreneur Of The Year™ program.
Insights

Our insights show the latest thinking about family business, with regular publication of proprietary reports and thought leadership. We collaborate with the most prestigious academic institutions to advance our understanding of family businesses to develop the best approach.

Why EY?

- **We are the trusted business advisor to the world’s largest family businesses:** we serve 75% of the world’s top 500 family businesses (familybusinessindex.com), which we have been helping succeed for the last 100 years.

- **Our culture is based on the values of our founders:** our approach comes from being a global organization of partners who own the member firms and still share the values of our founders, Alwin C. Ernst and Arthur Young.

- **We have an unrivalled global network to help you expand internationally:** we have advisors in 155 countries, dedicated to serving family businesses; sharing knowledge and insight to address family business challenges; and providing seamless services for internationally based family-owned companies.

- **We ask better questions to help you reach better outcomes:** the forward-thinking questions we ask will help challenge your thinking, inspire you, and help you unlock new solutions to innovate and grow while maintaining family cohesion.

- **We exist to build a better working world:** by helping you grow an extraordinary business and make a positive impact on the world through the jobs, economic growth and innovation you create, together we are building a better working world.

Online resource

You can visit our EY Global Family Business Center of Excellence online at ey.com/familybusiness for the latest news from the center, to download our latest thought leadership and to find out who in our global network of experienced EY family business practitioners is near to you.
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Profile of Denis Lambert, France
Picture on page 52 (top) taken by ASO-B. Bade.

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About EY’s Family Business Services
EY is a market leader in advising and guiding family businesses. With almost a century of experience supporting the world’s most entrepreneurial and innovative companies, we understand the unique challenges they face – and how to address them. We offer a personalized range of services aimed at the specific needs of each individual business – helping it to grow and succeed for generations. Our Family Business Global Center of Excellence is a powerful resource that provides access to our knowledge, insights and experience, connecting family business owners to their peers through the strength of our global network.

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