Family Business Survey 2016
Case studies

The people behind the stories

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Introduction

This year we've talked face-to-face with more than 30 senior executives from family businesses across the globe to get their insights, observations and personal views on business, family and working in the family firm.

From the co-CEO of a tech retailer in Greece and the founder of a paper manufacturer in Mexico, to the CFO of an agribusiness in Russia and the founder of a patisserie chain in Japan, we're delighted to share their stories, which have added colour, insights and the personal touch to our Survey findings.

We thank them all for participating.

To read our Survey report, please go to www.pwc.com/fambizsurvey

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"You get an idea, and then you go and make it happen – that's the family way."

Jette Egelund, Chairman, Vipp, Denmark

Global Family Business Survey 2016
Case study

Australia

Peter D Fox AM
Executive Chairman

Linfox
Transport & logistics

Momentous milestones:
60 years of growth in Australia

Linfox is celebrating its diamond anniversary this year, and has long been one of Australia's most successful and high-profile family businesses, operating in the transport & logistics, property, airport and cash logistics markets. So how did they do it? How did they go from owning a single truck in 1956 to over AUD$3.5 billion dollars in revenue 60 years later? We talked to Peter Fox, Executive Chairman, about some of the key milestones along the way.

Milestone 1: From one truck to two

"My father was a truck driver – in fact, I think I had diesel in my blood from a very young age. The business started when my mother lent him the money to buy his first truck. But the moment he bought a second one, you could say that's when he went from being self-employed, to running a business. That was in the late '50s. And he never looked back."

Milestone 2: The first professional manager

"In the '70s, we brought in an accountant called Sandy Murdoch, who set about introducing some structured processes and some financial discipline. He became a mentor for me personally, too, and gave me the best piece of advice I ever had which was to get myself some business qualifications to add to my practical experience: 'then you can sit at the front of the room, not at the back'. He was soon joined by a couple of other external hires, and we ended up with a really strong senior team. In 1978 we were turning over AUD$18 million, which seemed pretty amazing, back then. Now it's nearly 200 times that."

Milestone 3: International expansion

"We started expanding into Asia in the late '80s and early '90s. First Thailand, then Malaysia, and now we're in Indonesia, Vietnam, Hong Kong, Singapore, and India, with plans to move into the Mekong Delta, which would give us access to Burma, Myanmar, Laos and Cambodia. In fact there are more people working for Linfox today in Asia than in Australia. We saw an opportunity in Asian and moved quickly. We were one of the first in our industry to enter the Asian market, and it's become a key competitive advantage. That's the advantage of being a family business – when we decide to do something, we can move really fast."

Milestone 4: Stepping up

"2000 was a big year for us – we managed the supply chain and all the inventory for the Sydney Olympic Games. It was incredibly exciting and rewarding to be working on such an iconic event. It really put us on the map."

Milestone 5: A big acquisition

"In 2003, we bought Armaguard, which marked our first decisive move into cash logistics, which has since become such an important business for us. The process of identifying, buying and then integrating businesses of that size was a real learning experience, and it turned us into a billion-dollar business almost overnight."

Australia

Linfox

Milestone 6: Streamlining and refining

"The next step for us was to take a long hard look at the business we had, and decide where we wanted to take it, both in terms of sectors and markets. One result was a much leaner management structure internally, and the decision to focus on our biggest customers externally. We had 300 customers in 2008; now we have about 80. That took courage, but it was the right thing to do. For us, it's about quality, not quantity: our strategy is 'less is more'."

Milestone 7: Looking ahead

"If I look ahead for Linfox, I see two key challenges for us. One is for the business, and it's all about technology. People often think about digital in terms of the information it gives you, and yes, that's important. But I look at it in terms of all the other things digital makes possible. There are some incredibly exciting developments in our sector using technology like driverless vehicles, robotics and automation to run warehouses better, manage deliveries more efficiently, and improve productivity. At the moment, our IT infrastructure isn't as good as it needs to be, but we have to be the first into these new technologies just as we were the first into Asia. The second challenge is for the family. Our third generation is just reaching the age when they're going to have to decide if a career here is right for them, and were going to have to decide the right management structure for Linfox in the longer term. That's not a decision we can make yet; it may be a member of the family, but it might not. But what I do know, is that it will be the best person for the job. "

Australia

Dan Perkins
CEO

Perkins Construction
Construction

Building and rebuilding:
Managing through change in Australia

Dan Perkins runs a successful construction business set up in 1965 by his father and uncle. He trained in carpentry and gained a building qualification after he left school, and since then has worked for the family firm, though that included some time abroad getting experience in the UK. "Basically the learning curve was as steep as I wanted it to be – I got experience running projects on smaller commercial work, and did some time on procurement as well. The opportunity was always there."

By the '80s the business seemed set on a steady path to growth, then suddenly everything changed. "My uncle died in 1991 – he was only in his fifties and it was totally unexpected. That was a game changer, both for the family and the business. My father was really affected by it, and even though I was only 23 I took over most of the operational responsibilities in the business, and obviously there were structural issues about the change of ownership as well, which we hadn't formalised at that stage. And on top of all that we found ourselves in the midst of a recession. For the next ten years I worked 100 hours a week, doing three or four jobs – day and night. I had to teach myself a whole set of new skills – financial, accounting, reporting, and the legal issues around contracts and employment. It was a tough grounding, but that's the best sort to have. And we did it. We rebuilt, and we survived. Yes, we made mistakes, you learn by those mistakes. The more they cost you, the better you learn."

Since the turn of the century, Perkins has prospered. Dan is now the sole shareholder, but having had his family in his forties, the business faces a big gap before the next generation will be old enough to join – assuming they want to. Dan is determined that his children won't be burdened by expectation: "When I look at other family businesses, you almost always find that their success has been driven by one person, either by growing it in the first place, or doing something significant to change it. It's very dangerous to assume that someone else coming along can just pick up where that person left off, when they haven't been part of it. In the case of my own kids, I think it's unreasonable to expect someone relatively young, even someone with a good education, to replace a CEO who's been in the job for 30 years. It's taken me that long to work out how to do it properly."

There are various options open to bridge the gap – from bringing in an external successor, to selling the business. "I don't want to be here til I'm 70, waiting until my children are old enough, and in any case it's not realistic to assume they'll definitely want to take it over. But we may be able to create something alongside this business that would appeal to them. I'd be keen to look at a start-up opportunity, which would give them the chance to develop something of their own. As a parent and business owner, you can do that – you can give them that support, both the capital and capability. And we've always been a self-motivated and self-driven family, and we've always thrived on change. Looking back, we've been through all sorts of change in the last 50 years – some we wanted, others we were forced to take on by regulation, or economic issues, or the demands of our lenders or customers. But each time we learned, and we got better. And now we're ready for the next challenge, whatever that proves to be."

Australia

Andrew Taplin
Managing Director

Taplin Real Estate
Real Estate

Traditional values:
Taking a long view in Australia

Taplin Real Estate is the oldest real estate agency in South Australia, and quite possibly the oldest family business in the sector across the whole of the country. It was started by Wilfred Taplin in 1932, who then introduced his son, Noel, to the industry and he is still an active and passionate Chairman at the age of 92. Noel's son Andrew is now the Managing Director and has the same passion for what the firm does, and the same commitment to the traditional values that have turned Taplin into the success story it is today.

"My father has seen this business grow from a traditional real estate agency with one office, to a major property management company with hundreds of clients and managing billions of dollars in assets. It started right in the middle of the Depression with not much more than a dream. I think that's why he has always been such a great believer in starting from the bottom and working your way up. That's certainly what I did– I joined straight from school, at 18, and did all the most basic jobs, including cleaning the toilets. But if you do it that way, you learn things you'd never learn otherwise."

Taplin Real Estate hasn't just been successful within its sector, the company can also take credit for changing the shape of Australian shopping – literally. "We were operating out of an office on the outskirts of Adelaide in the early '60s. Back then it was all just High Street stores – parades of shops. That's how Australia looked. But my father has always been able to see the bigger picture. He got involved in developing the first indoor shopping mall in South Australia. That was a big deal back then."

These days, the 'big deal' is digital, and real estate is one of the sectors that has seen the most disruption. "When I first started, you wrote property listings by hand and if you had a black-and-white photo you considered yourself lucky. Now, you can search for listings on a mobile phone, you can watch a video of a property, look at it in 3D, see a picture taken by a drone. And it's not just about communication with customers – everything about how you process a property has changed. Keeping up with all that new technology is tough and it can be harder still to work out which new developments are the ones that will really catch on."

But that is where family businesses can have a real advantage. "We make decisions fast and I genuinely think we're more agile and adaptable than other types of business. Taking the long view is a huge advantage too. In this industry, there are always a lot of people coming in, thinking they can make a quick buck but they don't understand how it works: they don't even have a business plan, never mind a medium and long-term strategic plan. Those are the most important skills my father taught me."

Austria

Mario Haidlmair
CEO

Haidlmair
Tool manufacturer

The right tools for the job: Succession in Austria

These days the Haidlmair tool manufacturing business is a high-tech success story selling all over the world, but it has its roots in the smithy in the family's home town of Nussbach, which was run by the current CEO's grandfather. Mario Haidlmair took over in 2012, and there's still a very strong family presence both as managers and owners: his brother is group controller, his mother an accountant, and his wife involved in sales.

"My father is still the president and majority shareholder, but now he only works part time. Though he's invaluable as a sounding-board, especially when it comes to long-term strategic decisions. He never put pressure on my brother or me to join the company, but I've always seen my own future here. It was part of my life growing up, and I've known some of the staff here for decades. Our motto here is 'People are the centre', and we really believe it. And we act by it too – we take care of our employees and offer great benefits and incentives, and in many cases there are strong relationships between their whole family and our family. It's not just a good way to run a company, it's a solid business decision too, because it means our staff turnover is incredibly low."

Mario took a number of roles outside the business before joining it, working in Chile, the Netherlands, the US, Canada, and Germany. "It was when I was running Haidlmair's Hungarian business that my father first talked to me about succeeding him as overall CEO. He said he believed in me, and would be my mentor, and he has been. He's been there when I've needed him, but he's also let me make my own decisions and my own mistakes. That's the only way you learn. I've seen the succession process fail in other family firms because the older generation haven't been willing to let go, but that was never the case here." It will be some time yet before Haidlmair sees a fourth generation, but there's a clear ambition to keep the business within the family. "As the next generation come through we'll be working hard to give them opportunities for experience outside Haidlmair, as I think that's the best way to get a wider perspective and develop the skills you need, just as I did. The right tools for the job, you could say!"

Canada

Paul & Michael Higgins
Co-CEOs

Mother Parkers
Coffee & tea suppliers

Breaking new grounds:
Managing and mentoring in Canada

Mother Parkers is one of the largest coffee and tea suppliers in North America and can trace its roots back to 1912. With Paul and Michael Higgins at the helm of the family business, they have recently sought to professionalise the organisation by bringing in a President from outside the family.

"We've been Co-CEOs since 1992," says Paul, "and in that time the business has achieved great growth. We've also made some significant progress in areas like Research & Development (R&D) and the use of IT. But for the last few years we've been thinking very seriously about what the next phase looks like. The next generation isn't old enough to take over for a while yet, and we really felt we needed an injection of new blood and a different set of professional skills, insights and experience to help us to the next level. So we made the decision to hire a President, Fred Schaeffer, from outside."

"But we didn't make a decision like that lightly," says Michael. "We talked to our advisory board, we talked to the kids, and we talked to other family businesses who've done something similar. Because we'd heard some horror stories, where the owners had hired people to come and run the business, but the owners weren't prepared to let go and it turned into a complete mess. That's the last thing we wanted, so we talked to other firms about what pitfalls we might encounter, and how the process worked. We quickly came to the conclusion that the best time to do it is when the company is in a strong and steady state, and there's plenty of time to embed the new person, without the pressure of a looming retirement date."

Supporting the next generation is a key part of Fred's role. "I wanted a mentor for my kids," says Paul, "to help them get a broader view of the industry and the global market than I can give them. Fred has worked for big consumer brands around the world – that's going to be invaluable, both as a manager a nd a mentor."

It's clear that mentoring isn't just about management skills, either. As Michael says, "We'd love it if the kids were the right people to lead the business forward, but there's no culture of entitlement here. You have to work as hard as any other employee, and you don't get any favours just because your name is Higgins. And however things turn out, we want to make sure the next generation will be good owners, even if someone outside the family is CEO. And that's a tough role – being a good steward. That's how Paul and I see our role here: we're stewards of this. We didn't start it. We didn't create what our father developed. We were fortunate enough to have the opportunity to take what he did and build on that, so we'd like to instill the same sense of responsibility with the next generation. Their job will be to build it, make it bigger and better, more successful. Having the support of a professional CEO at this stage in their careers is part of that."

Canada

Mother Parkers

Thus far, at least, the decision seems to have paid off: "We were really impressed at the calibre of applications we received," says Paul, "and a few months into the role, Fred has impressed just about everyone, both inside and outside. Relationships with customers are particularly important, given how much of our turnover is B2B. These days it's much more of a partnership than a sales relationship. We don't just sell product, we sit down and work out what new blends or tastes might be successful, how best to manage the supply chain, how to build in recyclability – key issues like that. And looking ahead even further, the next big thing in our sector might not be a new beverage at all, but a new way of delivering it. We're already selling to all the most important parts of the market – the Big Box stores, the really large grocery chains, food service, fast food. You name it – we're there. So, they know us. They trust us. And that means if we can come up with something new that's really spectacular, the opportunity could be significant."

Denmark

Jette Egelund
Chairman

Vipp
Homeware manufacturer

Better by design:
Innovation and new product development

Vipp is known the world over for its elegant, practical homewares, which are the essence of Scandinavian style, but it's a success story built on – of all things – a bin. Holger Nielsen was a metal worker by trade, and produced a special pedal bin for his wife Marie's hair salon, as a side-line to his main business processing steel. When Holger died, his daughter Jette Egelund took over the company, specifically to explore the commercial potential of the bin design. As she says herself, "I thought if I make a failure of it, it's my own risk."

Jette started working in the factory, learning the art of metal pressing: "I needed that knowledge to develop the product, and to identify the best manufacturing partner for us." This hands-on experience was supplemented with business theory, acquired at the Copenhagen Business School. And about that time Jette's children, son Kasper and daughter Sophie, joined her in the firm, bringing with them expertise in marketing and graphic design: "Suddenly there were a lot of skills which complemented the business."

From then, the Vipp range went from strength to strength, adding a toilet brush and laundry bin to the original pedal bin. Throughout, innovation, new product development, and clean Danish design are key to Vipp's success: "Everything has a purpose," Jette says. "And there is a clear 'Danish-ness' to the brand." This was recognised in 2009, when the pedal bin was included in the architecture and design permanent collection of the Museum of Modern Art in New York.

One of the keys to Vipp's success has been its Design Group, which includes Jette, the chief designer Morten Bo Jensen, Kasper, who is now the CEO, and their Chief Engineer. This "very strategic" foursome explore ideas for new products and markets, while a Board of six – the Design Group plus an accountant and a lawyer "to keep the peace" – ratifies the overall strategy.

The firm's most recent new product is the Vipp Shelter – a 55m^2 prefabricated structure launched in 2014, designed to give people their own instant 'getaway'. "We were manufacturing all the things to go in to a building; we just needed the building". The family still consider themselves to be manufacturers at heart, but now have an end-to-end offering from concept to product development and through to consumer sales. "You get an idea, and then you go and make it happen – that's the family way."

These days, 70% of Vipp's turnover is outside Denmark. Jette's daughter Sophie is running the New York City operation from a showroom in Tribeca where she works with interior designers and architects. A sales director has recently been appointed in Australia to develop the Asian and Australian markets, and high-end Vipp kitchens – a key focus for increasing their market share – are being sold in South Africa, Israel, Germany, Switzerland, and the US.

Denmark

Vipp

There are now 40 people in the company including engineers, product development experts, marketing, PR and design specialists. Jette frequently sources talent from other industries: “they bring new ways of doing things and experience of using different materials.” Their chief designer, who’s been with the company for 10 years, was previously at a bicycle manufacturer, and one of the engineers developed hearing aids, which involved working with micro technology and materials, like silicones, which have since become part of the Vipp range.

At 66, Jette is not at all interested in retiring full time: “I love the company so much, and I love working with our clients.”

She and her children have discussed succession and she’s taken legal advice to ensure the company can keep going. Company shares are currently in three equal parts but when Jette is no longer around, Kasper will have then the majority share, to ensure the management of the company can continue and decisions can be made, avoiding a deadlock situation.

And Jette’s favourite Vipp product? “It has to be the bin. That’s where it all started.”

Global Family Business Survey 2016
Case study

Finland

Thomas Ahlström
Managing Director

Antti Ahlström Perilliset Oy
Holding company

Beyond the fifth generation:
From ‘family business’ to ‘business family’

The Ahlström family are one of Finland’s most significant industrial dynasties, with a tradition of entrepreneurship and philanthropy that goes back 165 years. Their most prominent achievement was founding the Ahlstrom paper company back in 1851, which is now (without the umlaut) one of the world’s largest and most successful fibre-based businesses.

The family own Antti Ahlström Perilliset Oy, a private holding company, which in turn is the largest shareholder in Ahlström Capital Oy, a private investment company managing around €1.5bn of investments in industry, real estate, and forestry.

So how have they done it? Thomas Ahlström is Managing Director of Antti Ahlström Perilliset Oy, and a fifth-generation member of the family; we asked him the secret of their success. “We have always been a very tightly knit family,” he says. “That’s definitely part of it. We spend a lot of time together, and we share a strong sense of social belonging and pride in our heritage. And we’ve always worked hard to ensure we have the right governance measures in place, both for the business and the family.”

The key, he believes, is to get governance in place before it’s actually needed. “You don’t want to be trying to put measures in place in the midst of a dispute. You need the framework in place to deal with issues before those issues arise, and then you need to adapt it over time as the landscape changes. After five generations our family has over 300 members – that needs a very different governance structure to a family of ten or twelve. That sort of challenge is what attracted me to the job I do now, but I got it on merit not because of my name – as a member of the family I was contacted to see if I would be interested, but after that it was the same recruitment process as for everyone else. And it was a very rigorous interview!”

Good governance is vital, but it’s not enough on its own. “You need strong and visionary leadership, and you need to be looking ahead to each new generation to find it. We invest a lot of time in succession planning, and we have a four-year development plan for our next generation, and find opportunities for them to get work experience in our subsidiaries.”

Another shared Ahlström family belief is the value of a strong and diverse Board. “You need a wide range of skills and experience, as well as a balance between men and women, and older and younger members. Knowledge of the industry is a prerequisite, of course, but there’s a special perspective that the owners can bring as well. People who have real money invested in the business. And alongside them the independent directors who bring their own expertise, and the ability to challenge both the business and the family. In a good way.”

It’s a model that has survived and thrived since the middle of the 19th century, so what does Thomas see in the 21st? “One of the main reasons I took this role was to help keep the family and the business together and see us through to a sixth generation, and in the meantime make this one of the world’s best family companies from a governance and succession point of view. That’s my goal.”

Global Family Business Survey 2016
Case study

Finland

Juha Vidgrén
Chairman

Ponsse
Forest machinery manufacturers

Logging on:
Tradition and innovation in Finland

Ponsse is one of the world's leading manufacturers of forestry machinery. What Einari Vidgrén started as a one-man-band in the 1970s has now grown into a global business exporting to 40 countries, and with 77% of its revenue made overseas. The company has made its name at the high-tech end of the industry, specialising in machines that can fell, process, and cut a tree to specified lengths before it even leaves the forest. There is also an emphasis on sustainability, with significant investment in new engine technologies, fuel economy, recyclability and the 'remanufacturing' of used components.

Digital technology has been big news in forestry too – the newest logging machines make full use of information technology and Ponsse has taken the lead in ensuring that the company stays ahead of the game. The company has been using on-line technology since 1997, when the first data transfer from forest machinery to the office was made. And an example of how the company studies the use of digital information is their 'Hack a Harvester' event, with young tech enthusiasts invited to stress-test the IT driving Ponsse's machinery. This didn't just help Ponsse get a better grasp on cyber security issues for the sector, but allowed the company to brainstorm the opportunities for the sector in digital, mobile, and remotely managed technology, with some of the brightest brains in the field. An initiative like this proves invaluable to a company which itself makes the software and hardware used to run its engine management systems.

Some aspects of the company, however, have never changed: like its culture, its values, and its commitment to customer service. Einari built the business on a relentless focus on his customers' needs: "The best specialists are the machine operators. It's important to listen to them: they have always been my best source of new ideas." Ponsse's new 'Scorpion' harvester recently won the Best of the Best award in the Red Dot design competition, and is a perfect example of how customer feedback has driven their product R&D and innovation.

Global Family Business Survey 2016
Case study

France

Victor Mane
Founder

The Mane Group
Flavour and fragrance manufacturer

The sweet smell of success:
Innovation and internationalisation in France

The Mane Group is a fascinating business. Founded in 1871, it's now a billion-dollar company, operating in 32 countries, with 92% of that revenue generated outside France. And it has built its success by applying the power of technology to the time-honoured skills of using aromatic raw materials to create scents for perfume, and flavours for food. The result? Market leading positions not just in fragrances and flavourings, but state-of-the-art pharmaceutical compounds too.

Jean Mane is the great-grandson of the founder, and has a deep respect for the values and sense of social responsibility which have been passed down through the generations of his family firm, and sees his mission as "reaching (at least!) the 150th anniversary of the company still independent." But he combines this with a passion for innovation and an extremely forward-looking approach to manufacturing. In fact, it's rather like combining two different but complementary scents: tradition on the one hand, innovation on the other. Mane invests heavily in R&D, seeing it as essential to competitive advantage: with 15% of its range becoming obsolete each year, finding new and better products is absolutely key. One way Mane does this is by having 40 different R&D centres all across the world from Singapore to Mexico, which can spot new and emerging trends, and tap into the changing tastes of local consumers. And once you've created a new truly innovative product, you need to protect it: Mane has been extremely effective at developing its own proprietary production processes to defend its vital Intellectual Property. It's also organized in highly diverse project teams involving people from departments as different as R&D, manufacturing, procurement, and legal. All the research we've done at PwC suggests that this sort of cross-functional working creates a flexible and agile culture which is much more likely to be good at new ideas.

Culture is crucial to Mane in other ways too. The company puts a high priority on happiness and well-being at work, and backs that up with significant investment in development. Though Jean Mane acknowledges that the risk is that his company ends up training people so well that his competitors poach them: "a family business doesn't just have the challenge of attracting the best talent, but retaining them too. That's why our culture is so important – the relationships we build with our employees. In our latest employee survey 50% of our people said that family governance was one of the best things about working here."

Germany

Stefan Leitz
Chairman of the Management Board

Carl Kühne GmbH & Co. KG
Food suppliers

‘Still hungry for success’:
Transforming a tenth-generation business

We’ve rarely had a case study from a business that’s reached its tenth generation, and only a tiny percentage ever make it that far. But the German firm, Carl Kühne GmbH & Co. KG is an outstanding example of how a family business can not just survive but thrive for over 300 years. So how have they done it? We asked Stefan Leitz, the current chairman of the management board.

What’s the secret of Kühne’s success?

There’s no one single answer. Part of it is about having a strong brand, recognised all over Germany, but we’ve also always been good at understanding the trends in our market and the needs of consumers and customers. The business was built on vinegar; as early as 1900 Kühne was making mustard, mayonnaise, sauerkraut, pickles, and preserves. Since then, Kühne gained a market-leading position by a combination of smart acquisitions, and continuous product development in related categories. By the time I became chairman in 2013, our customer base was ageing, and we weren’t developing enough new products to appeal to younger consumers. My challenge was obvious: to rejuvenate the Kühne brand without neglecting the master brand.

So what did you do?

We focused on new product development and renewing our working culture. So one of the first things I did was to introduce the informal way of communicating and a culture of giving and receiving feedback across all levels of the company. The management now also focusses much more on results rather than processes. This was a major change for us – we were quite traditional in the way we worked together. But it was significant as a way of signalling that things were going to change. We added other similar changes, like a more casual dress code, and various Kühne events for our employees, like regular barbecues, and an Ice Bucket Challenge to foster participation and teamwork. It was the start of a whole new ‘Kühne Kultur+’. Now we are redecorating and modernising our offices as well.

The heart of this new culture is our mission of being ‘KUEHN’, which means ‘bold’ in German. Each of those letters stands for some aspect of that central idea: Konsequent (consequent), Unabhängig (independent), Erfolgshungrig (hungry for success), Herzlich (heartfelt), and Nachhaltig (sustainable). And the new culture is underpinned by our equally bold vision we created: ‘Kühne in every kitchen’.

Germany

Carl Kühne GmbH & Co. KG

What's changed since then?

We've been a lot bolder! You can even see it in the names of our new products: we used to have names like Gipsy (Zigeuner) Sauce or Curry Sauce; now it's Firestarter and Sweet Angel. And the mix has changed too: we've developed a new sub range called Kühne Enjoy, targeted at younger consumers, and included vegan salad dressings and a new line of barbecue sauces named 'Made for Meat', as well as vegetable chips. All these were developed from the start with the international market in mind. We want to move from being a German company with a large international presence to an international company with German roots. Furthermore, we automated the production process in a single quantum leap, we foster internationalisation, and we are considering acquisitions. And there is more to come…

We love our heritage and we take pride in it. Although we've had a successful track record for over 300 years, to be successful in the 21st century we need to think more like a start-up. That's what we're doing now. The proof is in the results: we've had record sales, growth in profitability and market share three years in a row.

Global Family Business Survey 2016
Case study

Greece

Konstantinos Gerardos
Co-CEO

Plaisio SA
Technology retailer

Success factors:
Tech's appeal in Greece

Plaisio SA is one of the most recognised retail names in Greece. What started in 1969 as a ten square metre shop in a well-known area of Athens, has now grown into one of the country's largest retailers of technology products – a genuinely multichannel business producing and selling computers, tablets, phones and other consumer electronics. But this is now a hugely competitive sector, and Greece is still recovering from a major financial crisis. Yet Plaisio SA is going from strength to strength. What's their secret – how have they managed to buck the trend? Konstantinos Gerardos, the son of the founder and now co-CEO, talks us through the success factors that have driven their growth, and the impact these have had at each decisive milestone in the company's history.

Success factor 1: Market knowledge

"When my father was studying to become a civil engineer, he spotted an opportunity to sell office supplies to the university students at a very competitive price. That's how he came to open our first store. And because he knew exactly what his customers needed, he could pick exactly the right products."

Success factor 2: The courage to innovate

"Our next big milestone was in 1986, when the personal computer hit Greece. As soon as my father saw what computers could do he knew – this was the future of the office. Very few people had that degree of clarity back then, or the courage to go with their instinct, but he did. He started to move into computers in a big way, importing PCs from overseas and then making up bespoke machines based on customer's specific requirements. Customisation turned into a big thing for the computer industry, but we were already doing it in the late '80s. And we were one of the first outlets to start offering internet technology to consumers in Greece, back in 1989. By the late '80s the street where our store was located had become a cluster for technology stores. My father says it was like a gigantic IT bazaar: customers would get competing prices for machines, or parts, or repairs, and basically get the outlets to compete for the business. We learned a lot about customer relationship management from that.

The next big change was developing a B2B offering, alongside our end-user business, in 1995. Back then, companies would send a representative to a store to buy what they needed, but it wasn't an efficient way to do it, especially for big orders. My father looked at how the US market worked and started using the catalogue-based approach, which was quite an innovation back then. He backed it up with a call centre and a sales team, and in 2016 our business customer base has grown to over 160,000.

Greece

Plaisio SA

Success factor 3: Digital technology

"We launched our first e-commerce site in 1999, which was really early, especially for Greece. And it was a full-service site – you could research and buy online, and get your products delivered the next day. And this was nearly 20 years ago – some companies still can't manage that, even now. We listed the company around the same time so we also got access to the capital we needed to open new stores as well. So now we operate what PwC call a 'Total Retail' operation – our sales, stocking, returns, operations and marketing operate seamlessly across on-line, B2B, and the physical stores.

There are major disruptive forces in the digital technology market at the moment, some of which have emerged because of the economic crisis. For example, many successful start-ups appeared in the market and most of them offer unique digital products. And we all know that in tech, more than in any other category, start-ups cause immense disruption, which is horrifying, but in a good sense. You also have to be able to shift into new products as they emerge, and not hook your business onto a rigid product range. Our approach is to monitor what's available out there and then try to make it ourselves!"

Success factor 4: A flexible business model

"We have a flexible business model, which has helped us to grow but also to survive through the current economic crisis. Our philosophy is not to focus solely on one thing but to diversify: we started in the retail sector then moved into catalogues, then B2B, and then the internet, and we've managed to be top performers across all those categories and channels. And throughout all that a large part was and still is in production. What holds it all together is the brand. In fact, we own a range of brands. What the economic crisis taught us is that, in technology, you have to know where you're heading but you also have to be very flexible and prepared for the unexpected. Being a family business has given us the flexibility we needed to do that."

Success factor 5: Professionalisation

"Systems are key for us – not just the ones we sell, but the ones we use. We have state-of-the-art CRM tools, and our business information systems can produce detailed reports almost in real-time. We operate the most complex ERP system in Greece, and we've spent millions of Euros on it since 1999. So we have the infrastructure of a multinational with the flexible organisational structure of a start-up. That's a huge advantage. We also understand how strategy works in this sector. You need to have a medium-term plan, but you have to be incredibly flexible about how you implement it."

Success factor 6: Resilience

"In a way, this is what all the other factors add up to: the strengths we have as a business put us in a much better position when the crisis came. No-one really saw it coming, and we certainly couldn't have predicted that we'd have to change our plans and business strategy so radically, just to survive. We did it, but only because we had the agility to adapt, and the ability to find opportunities in what everyone else was seeing as a crisis. And now we're posting record profits – €22m in 2014. That's what I really love about being in this business – it changes so fast, it's so challenging, and you have to be at the top of your game all the time or someone else will overtake you."

Global Family Business Survey 2016
Case study

India

Shobana Kamineni
Executive Vice Chairperson

Apollo Hospitals
Private healthcare

From private firm to Private Equity:
The cycle of growth in India

Apollo Hospitals is one of the leading hospital chains in India, with an international reputation and an outstanding track record in harnessing the power of new technology. The business was founded by Dr Prathap C. Reddy in the 1980s, when he returned from working in the US and saw how far Indian healthcare was lagging behind. He galvanised a group of doctors from across India and beyond to invest in a hospital, and it opened in Chennai in 1983. His four daughters were involved from the start, and Shobana Kamineni was employee number three. She is now the Executive Vice Chairperson, and Apollo boasts 64 hospitals, 150 clinics, over 9,000 beds, almost 2,500 pharmacies, and a health insurance business.

Shobana sees the evolution of the business in three phases: "In the beginning, we were a straightforward family business with all the advantages and challenges that brings. But while we had great expertise in our own field – healthcare – we needed to hire talented people to help us build a robust business. People with financial expertise, for example." In the second phase, Apollo was listed on the stock exchange, which allowed the family to grow to three hospitals, but also brought increased demands in terms of reporting, accountability, and governance. The board was also strengthened with more independent directors, who still play a key role.

The third phase was Private Equity. "We were one of the first Indian firms to get PE funding in the late '90s, when India first opened up to foreign direct investment. But we thought about it carefully before we did it: we sat down as a family to discuss it because we knew things were going to change radically, and we'd have to be even more accountable, and willing to adapt. We also knew that PE work to a very different timescale to families: PE houses are looking for a quick return on their money, and I'm glad to say that every PE investor we've had has achieved a good exit price. That's why our share price is so high: we do what we promise."

Having Private Equity investors also focused the business more on short-term performance: "This is one of the biggest differences between PE and family business. Family businesses have uniquely infinite perspective – if you don't reach your target this quarter, you can always do it next quarter. What PE taught us was quarter-to-quarter performance. That really sharpened us up. I think we're actually unique in that we grew around 25% for 25 consecutive quarters. PE can be very active investors too: some of our PE investors have been in on a weekly basis, so they could really understand how we operate. You have to not just accept that, but welcome it, or the partnership isn't going to work."

India

Apollo Hospitals

Looking ahead, Apollo has built a strong competitive advantage on new technology. "We have an innovation division where the employees work with innovation labs in Israel, the US and elsewhere in India. We incubate new ideas, and work hard to keep pace with new developments. We also encourage our doctors to take part in conferences and research forums across the world, and to collaborate actively with one another. We don't let people or ideas get stuck in silos. This is one reason why we now have three dynamic new companies within the Apollo group: one doing analytics, one working on stem cell therapies and personalised medicine, and one working on digital and telemedicine. The latter has given us huge visibility, and allowed us to reach many more people. I doubt there are many businesses doing this sort of thing better than we are. That's something we're very proud of."

India

Nishant Arya
Executive Director

JBM Group
Automotive component manufacturer

'Technology, Innovation, People': Growth and diversification in India

In this year's Survey, 57% of those questioned believe that family businesses are able to re-invent themselves with each new generation. But there are few firms that can demonstrate it as powerfully as the JBM Group in India, recognised for the second year in a row as one of the fastest-growing companies in Fortune India's Next 500.

The Arya family were originally active in textiles, in the '50s, but moved to the manufacturing of Liquid Petroleum Gas cylinders in the '80s, setting up a manufacturing facility in less than six months, largely in response to government incentives. However, less than three years later, government policy changed. Nishant Arya, the founder's son, explains, "My father had set up the manufacturing site from scratch, but he suddenly found himself with a brand-new facility and state-of-the-art technology, and nothing to do with it. This change of circumstances did not deter his spirit and he started to explore opportunities in the upcoming automotive industry."

JBM started its 're-invention' by manufacturing auto components for Maruti Suzuki (I) Ltd. Since then JBM Group has grown into a US$1.35bn business with interests in automobile, bus manufacturing, renewable energy, engineering & design and railways. Much of its growth has come through astute alliances: "As the global multinationals started to expand in India, we set up joint ventures with American, European and Japanese companies and established facilities all over India. We've also moved from just manufacturing to having expertise in engineering design and technology. In fact technology is one of three pillars that the business is built on: Technology, Innovation, and People (TIP). My father has always encouraged technology – he has always been prepared to invest in it, and takes risks to be a front runner in the field of technological advancement. He had a dream to create JBM as the equivalent of 'Intel Inside' for the automotive industry. He wanted 'JBM Inside' to be as powerful a mark of quality as Intel is. I think we've realised that and are now aiming beyond."

As for Innovation, JBM has more than 300 people working in R&D, "looking for new ways to exploit the best technology that hasn't been commercialised yet." For example, after partnering with an international bus manufacturer, JBM is at the forefront of efforts to develop and deploy electric buses in India. "For us, this isn't about building buses per se, it's about providing a holistic transport solution that addresses a whole range of challenges in the Indian public transportation domain, from the need for more sustainable transport, to the problem of air pollution in India's cities, to the need for longer-lasting batteries. It would normally take about 60 months to get something like this off the ground – we took 30. And I'm proud to say we are among the first companies in the world integrating all three–battery technology, the bus and the charging ecosystem. The next challenge is to make sure the electricity is produced from renewables, rather than coal. We're really excited about our latest foray into renewable energy and again, our

India

JBM Group

perspective is towards making a contribution to wider society, and not just our own business. We've also invested in skill development centres, education projects, training schemes, and community development, and supported villages affected by floods – giving something back is really important to us as a family and JBM."

The last of the three principles is People. "Though actually, that comes first. Our people are our biggest differentiators. We have around 20,000 people at 40 plants. We recruit from the best universities, and our group supervisory board includes professionals from leading organisations, so we can benchmark ourselves against the best. We also have a really prestigious leadership development programme which is called 'Drive'. Several hundred people go through that every year – it's a huge investment for us."

The entrepreneurial drive to re-invent is as dynamic in JBM now as it was 30 years ago, with Nishant awarded Family Entrepreneur of the Year in 2015 by Entrepreneur India. As he says, "In our family, we say nothing is permanent except change. And we like it that way."

India

Sreekanth Reddy
Executive Director

Sagar Cements
Cement manufacturer

Professional, practical, adaptable:
Success and succession in India

Sreekanth Reddy is Executive Director of Sagar Cements, a second-generation Indian business initially founded by four friends forty years ago. It's split several times since then, most decisively in 1992, when Sreekanth's father and brother took control of the business as it is today. Sreekanth spent some time working for Sagar after college, then went off to pursue other interests, before returning in 2002, when his father was looking to retire. As he says, "in any family business, the change from first to second generation is always the most painful, and many don't make it. I don't think the second generation are entrepreneurs, they're only followers. The danger is that they're usually in a hurry, so they go for a quick fix. But most of the time, a quick fix is not the best solution. And there's a challenge, too, in sustaining the same commitment, and carrying on growing without diluting any of that."

Sagar Cement was lucky in that the succession process worked extremely smoothly. So what's the secret of their success? "The short answer is that we had professional management. We had that already, and some of them had shares too. In that sense we were never a 'family business' in the strict sense – we always had professionals running things, and my father was very astute and understood the distinction between ownership and management. In fact, for us, the issue of management succession is just as important as family succession. Many of the key professionals have worked in the firm from the start and are now retiring. We've had to do a lot of practical forward planning to ensure we have a pipeline of good people in the right positions, who are ready to take over."

All this took place in parallel with the family succession process, as Sreekanth's father took a back seat, and his older brother became the key decision-maker. Sreekanth then stepped up to fill his brother's former role as operations manager, and take a seat on the board. Some of the third generation are now coming into the business too, and that process is being carefully managed.

Growth is the goal now: "We're doubling our capacity roughly every ten years. And every five years we take a long look at the business and decide what we need to achieve the next phase, whether that's people, funding, skills, or a new organisational structure. Thus far, we've focused mainly on growing within India – we're not averse to becoming more international, but the domestic market has been good for us. And we always approach each expansion within defined parameters – for example, we keep a close watch on our debt equity ratio, though most of our growth has been funded from our own revenues, with the wider family shareholders foregoing dividends to reinvest in the business."

The next phase of growth will bring a lot of new challenges: like all businesses, whatever their sector, Sagar Cements will need to confront the global megatrends, and even a traditional heavy manufacturing sector like cement could be disrupted by new technology. But Sreekanth is confident: "I think you have to adapt. It is more to do with adaptability than disruption. We are dealing with a product which hasn't really changed for 200 years. But on the other hand, we now have a robot running the plant today. So you could call that disruption, but I call it adaptability."

Global Family Business Survey 2016
Case study

Italy

Daniele Simonazzi
CEO

FLO S.p.A.
Manufacturing

Succession and responsibilities:
A manufacturing heritage in Italy

FLO S.p.A. was founded near Parma in 1973 by Antonio Simonazzi and is now Europe's largest manufacturer of plastic vending cups as well as a leading player in the production of disposable tableware. The company's turnover exceeds €100 million.

Antonio's son, Daniele, joined the family business after completing a degree in mechanical engineering and undertaking Italy's compulsory military service. It wasn't assumed that he would join FLO but his father's passion for his company seeped in to the family's DNA and, as a result, Daniele, his sister Erika and her husband all joined FLO in executive positions.

Following a period developing FLO's business opportunities, Daniele became CEO of the company on the death of his father three years ago. Daniele's mother became chairman of the board, holding the majority of shares but without an operational role in the company.

On taking over the running of the business, Daniele became aware of the huge weight of stakeholders' expectation on his shoulders. "People who had worked alongside my father, who had been with the company from the very start – my father's trusted advisers – were now looking to me to fill his shoes. My father left us suddenly and they were not ready for the changeover. I could sense their concerns about my moving in to this senior role. It was a really steep learning curve at the start." For example, he had little if no idea about the full implications of being a director when he first took over. "Being a director isn't just about running the business – there are wider legal and risk issues as well. What are you liable for? I didn't know." He needed advice to help him understand and manage effectively the legal consequences of the decisions he was making.

Daniele also realised he needed to dramatically change how he dealt with family members. "A key learning for me was to understand the difference between the types of conversations you need to have. If I'm talking about a business issue with a family member who's a director, I'm speaking to them as a peer; if they're managers I'm speaking to them as their boss; if I'm speaking to them as a shareholder then that's another conversation entirely, which possibly shouldn't take place. Situations can look confused, even misleading. Compromising can often be detrimental to sound business governance and wider family relationships."

Daniele also learned that it can be 'lonely at the top'. That's why it's so important to have someone who isn't a family member as a mentor – someone who's utterly discreet and trustworthy and can provide an objective external perspective on both business and family business issues.

Italy

FLO S.p.A.

Under his leadership, FLO has negotiated a period of considerable change and met some significant business challenges, including acquisitions in the UK and, more recently, in Spain. European regulation around the use of plastics in the sector continues to be an issue and could even force changes in both products and technology for the company.

Looking to the future, and the role of next generation members, Daniele wants to avoid what he refers to as “the family business obsession”. He says he doesn’t talk about FLO with his three young sons, nor does his sister Erika with her three sons, as they don’t want them to feel under any pressure to join the firm unless they want to. “We’d be delighted if they did, but we’d want them to develop a career outside the company first. And if they do join, they’ll have to have the right skills. Family businesses go wrong when family members are given jobs they’re not suited to. If they join the company they need to have something to offer in whatever position they may take, not necessarily an executive one. It’s tough enough being a family member”.

Japan

Hiroshi Saito
Founder

Châteraisé
Châteraisé Holdings

Hitting the sweet spot: Growth and diversification in Japan

Châteraisé Holdings produces and sells Japanese confectionery as well as Western-style cakes and pastries, which it produces in its own factories using local ingredients from the Yamanashi area. The business was founded by Hiroshi Saito in 1954 when he was 20 years old. They started with one tiny confectionery store selling local specialities, but have now grown into one of the [largest?] companies in the sector in Japan. It now has 3,000 employees and annual turnover of 63 billion yen. The business has also diversified as it's grown, and now includes wineries, resort hotels, and golf courses across Japan, and Hiroshi is now looking overseas to achieve further growth, and positioning the company for expansion in the Netherlands and Asia.

Today, Châteraisé is a big success story, with big ambitions. But it hasn't always been an easy ride. The company has had to adapt and reinvent itself several times over, in everything from what it makes to how it sells. Early on, for example, it struggled to compete with the selling-power of the major brands on ice cream, but fought back with a sensationally popular range of 10-yen choux puffs. Getting distribution right was challenging, too, and after several unsuccessful attempts to use existing retail channels, Châteraisé developed its own highly effective franchise sales system, which circumvents the wholesalers and allows the company to get maximum leverage from its own capital.

The real turning point came in 1984, when the company marked its 30th anniversary. Annual sales had stagnated at around 4.8 billion yen, and Hiroshi took the bold step of investing 5 billion yen to re-locate the main factory. There were still some significant setbacks, including a fire at the existing factory, but the company's strong culture stood it in good stead, and it has since built a powerful brand based on the use of fresh ingredients, which is the foundation for its international expansion plans. It's using milk from Brittany to make cakes in the Netherlands, and has opened stores in Singapore, Taiwan, Malaysia, and China, with more planned in Dubai, Korea, Indonesia, and Hong Kong.

"Looking ahead, we cannot rely solely on the Japanese market, where confectionery consumption is falling as the birth rate declines and the population ages," says Saito. "In the future I would like to increase the proportion of our sales made overseas." Overseas sales currently account for less than 10% of the total, but Saito's aim is to increase this to around 50% in five years' time.

Saito believes that the secret of Châteraisé's success has been its dedication to its three-fold founding principle: to manage the company in a way that brings joy to customers, business partners, and employees. It's a philosophy he learned from his parents, and has passed on to the next generation – Saito's daughter and younger sister are Executive Director and Managing Director respectively, and his nephew Makoto manages operations in the Netherlands.

Saito may be 82 years old, but he is still looking to the future, with a new 30-year plan: "I want to see through our plans for global expansion, but I'll be 110 by the time we accomplish them," he laughs.

Malaysia

Dato' Haji Roslan bin Tan Sri Jaffar
Chief Operating Officer

AZRB
Conglomerate

Writing down the 'unwritten rules': Professionalisation in Malaysia

The Malaysian conglomerate AZRB is a good example of many of the themes brought out in this year's survey. The company was founded in 1982 by a strong and visionary entrepreneur, and by 2010 had grown into a company with total assets amounting to $417m, trading in Asia and the Middle East, with interests in construction, infrastructure, plantation, oil & gas, and property development. The company was, undoubtedly, a huge success, but it has started to face issues that could only be resolved by taking a more professional approach to day-to-day operations, and a more formalised approach to business strategy.

Dato' Haji Roslan bin Tan Sri Jaffar, the founder's son-in-law, joined the business in 2010, after training as an accountant with PwC. He has since taken on the role of professionalising the way the family firm operates, drawing on his experience with public companies, and in other sectors. "We had reached the point where we were starting to be held back by our back office – it just wasn't keeping up. So I spent my first five years here strengthening and streamlining our corporate functions. We also needed to adjust things like the entities we used to bid for specific projects, to make sure the liabilities were held and managed in the right part of the business. We now have a proper headquarters function, with dedicated legal, finance, risk, and strategy teams, and much better systems supporting them. It's made a huge difference. Though there are still things that a family firm does differently: for example, we don't do the same degree of risk assessment a public company would when it comes to new ventures. We do look at the risks, but when it comes to making a decision, it's much more about gut feel and experience."

Reputation is also extremely important: "the company reflects on the founder, and he is very careful about who he employs, even from within the family. When the Malaysian economy hit difficulties a few years ago, many construction companies pulled out midway through the government infrastructure projects because they know they were going to make a loss. But we didn't. It was a matter of pride for us to keep our promises and see the contracts through to the end. And we don't easily provide or recognise potential losses in a project, because the founder believes that doing so will absolve responsibility of the project team to make good or mitigate the losses for the rest of the project."

Dato' is now spearheading strategy development for the longer term. "I had to start thinking long term the moment I joined the business. We'd got where we were by being really flexible and entrepreneurial, but there comes a point when you need rules. We had a lot of unwritten rules, but they can start to get in the way eventually, especially when you bring in new people who can't be expected to know them all. Professionalisation is an ongoing journey, but I see it as my mission to make us more resilient in the face of any future downturns. To make us stronger for the future."

Malaysia

Jasper Lim
Executive Director

Tohtonku Sdn Bhd
Heathcare retailer

The importance of harmony:
Family values in Malaysia

Tohtonku Sdn Bhd is a major player in the personal and healthcare products sector in Malaysia, and stands out from many other family firms in the region by having made it successfully to its third generation. It was set up in the '60s by Lim Joi Him, and in the half century since then has grown its portfolio to over 200 products, some of them market leaders. It's also a significant regional player, selling all over Southeast Asia including Japan, Hong Kong, Singapore, Thailand, Indonesia, Myanmar, Brunei, Pakistan, and Sri Lanka.

Personal and healthcare is a particularly fast-moving segment, driven by changes in consumer taste, new fashion, celebrity endorsement, and new product development. Tohtonku's work in this area is managed by a member of its third generation – Jasper Lim, its Executive Director.

"We use some of the region's best-known celebrities to promote our brands, and we're always looking for the next big thing and the next important fashion trend. We think our own staff are one of the best resources we have to capture how our consumers are thinking, and we encourage a working environment where new ideas can come from anywhere, not just an office marked 'Innovation'. And once we have a new brand it's all about achieving market share, which means clever marketing, and an efficient production operation."

This inclusive culture reflects the values which are important to the family, and which they apply within the business as well. "For us, values are as important as profits – not more important, but equally important. My father cares as much for the welfare of the staff as he does for the family itself. Some of our staff have been here for decades, and many work long beyond their official retirement age, because they feel part of something. We want to contribute positively to the economy and the social welfare of the nation, and we believe our values of humility, trust, growth, and service are the best way to do that."

The same values have helped the family manage its own affairs, especially in an increasingly fast-moving world which is utterly unlike the business environment Lim Joi Him first knew. "I think the secret to our success is that we understand the importance of harmony. There will always be some disagreements among family members, and differences of opinion about the direction we should take, but we give each other the benefit of the doubt instead of immediately passing judgements. We make an effort to clarify and understand the issue before we come to conclusions. We eat and breathe this company – it completely dominates our lives, and that makes us stronger as a family, stronger as a business, because our customers really respond to the strong values and heritage of family-owned firms."

Global Family Business Survey 2016
Case study

Mexico

Agustín Anaya
Founder

Papeles y Conversiones de México – PCM
Paper manufacturer

Looking good on paper:
From first to second generation in Mexico

Agustín Anaya is one of Mexico's most successful entrepreneurs. He's set up over 15 ventures across a variety of sectors including construction, but his first and greatest love has always been the paper industry.

The business he founded in 1993, Papeles y Conversiones de México, or PCM, is now the third biggest producer of paper rolls in the world and the second on the American continent. It also has market-leading positions in other products such as labels.

Agustín's strategy has been to grow his business, and ensure its resilience, by vertically integrating his operations across the whole production chain – for example, within the corrugated materials area, from waste pickers and paper manufacturing to corrugated sheets and cardboard box manufacturing. PCM has eight plants in Mexico and one in the US, with plans for three more. And the strategy is working: PCM grew by around 33% in 2015, and they're on track for a 40% growth in sales in the current year.

The most important challenges Agustín sees are not outside the company, but inside. PCM will soon face the challenge of moving from the first to the second generation, which is always the most difficult for any family firm to negotiate. It's the moment when a start-up becomes a family business, and when the original entrepreneur has to hand over control to children who may not have the skills, or indeed the interest, to carry on.

"I passionately want this business to stay in the family," he says, "and I had hoped my three sons would all want to take it on, but at the moment only Cesar is interested in pursuing a career in the company. The other two want to pursue other interests, so I need to be very careful how we manage the transition, because if my other two sons decide to sell their shares, the company will be taken over by outsiders." With this in mind, Agustín has instigated a formal succession process, which will define the roles of each of the three sons going forward – two as owners, and one as owner-manager. This is running in tandem with a number of initiatives designed to formalise the way the company operates. "We need to institute robust corporate governance, and establish clear processes and policies. This will ensure we operate in a proper professional way, with both efficiency and transparency. This will inspire confidence in our shareholders, and ensure good communications between the family members. As part of this we're already holding monthly operational meetings with the heads of all the departments."

Global Family Business Survey 2016
Case study

Mexico

Tere Cazola
Founder

Tere Cazola
Baker

Proof of the pudding:
Growing a successful business in Mexico

Tere Cazola is named after its founder. She started making Mexican desserts and cakes in her kitchen back in the 1980s, and now they're sold all over the country.

There are two main aspects to Tere Cazola's success: an efficient production and distribution operation, and a strong brand. With both of these in mind, she has been very careful to make the business grow in a way that doesn't affect the quality of the product, and the authentic 'home-made' taste. So, as the business scaled up to a new production plant, the emphasis was on ensuring the highest possible standards throughout the production process. "It had to be the same as cooking in my own kitchen," she says, "only on a much bigger scale. That means taking care of every little detail. That also includes the service we offer to our customers, which has to be second to none."

The other key factor is the brand: "Tere Cazola is all about getting back to the best traditions of home cooking. Flavour, freshness and taste. So we absolutely cannot compromise on quality."

Tere's plans for the future centre on widening their distribution to more areas of Mexico, and bringing in more members of the family. She has two daughters and a son who already work in Tere Cazola stores, and a second son who is a general manager in the company. Geographical expansion is going to bring new challenges on the distribution side, and will probably mean opening new production facilities, so that freshness and quality can be guaranteed. "I've already achieved my first dream of starting this business, and now I want to make sure it can stay in the family for future generations."

Netherlands

Jonas Wintermans
Co-Founder

Additive Industries
3D Printing

From cigars to 3D printing:
Starting a new entrepreneurial venture

Royal Agio Cigars has been in the cigar business for over a century. In four generations it's built a prosperous and premium business, ranking 4th globally. But tobacco is a sector with limited growth opportunities, and the family who run Royal Agio has faced up to that challenge and used the most advanced modern technology to find a way forward.

In this year's Family Business Survey, 54% of the respondents said they expect to be establishing new entrepreneurial ventures in the next five years. Royal Agio is a great example of how to do it. It started, as Jonas Wintermans explains, with a strategic review of all the possible options: "We are a very stable company with a solid balance sheet, so we had the resources to invest in diversification. My father and brother Boris, who is Agio's CEO, started by looking at industries parallel to our own in fast-moving consumer goods. Chocolate, for example, or tea and coffee. The raw materials for those products come from the same countries as for cigars, and the sales and marketing channels are not that different. We looked at it in great depth but we realised the barriers to entry were relatively low, and competition fierce.

But high-tech and in particular 3D printing is worlds away from cigars – it seems a very unlikely choice. "Actually, it's not as incongruous as it seems," says Jonas. "About 30 years ago we founded ATD Machinery, now market leader in machinery for the cigar industry. So we were already familiar with developing and making very technical machinery. That's what led us eventually to move into high-tech by acquiring NTS-Group, a tier-one supplier to optical and mechatronic machine builders. In that same year Additive Industries was founded, together with a non-family member co-founder Daan Kersten. Additive Industries has developed a modular 3D printing system to make metal parts for industry. Both the ideas and the opportunities were there; my next task was to convince my father and brother."

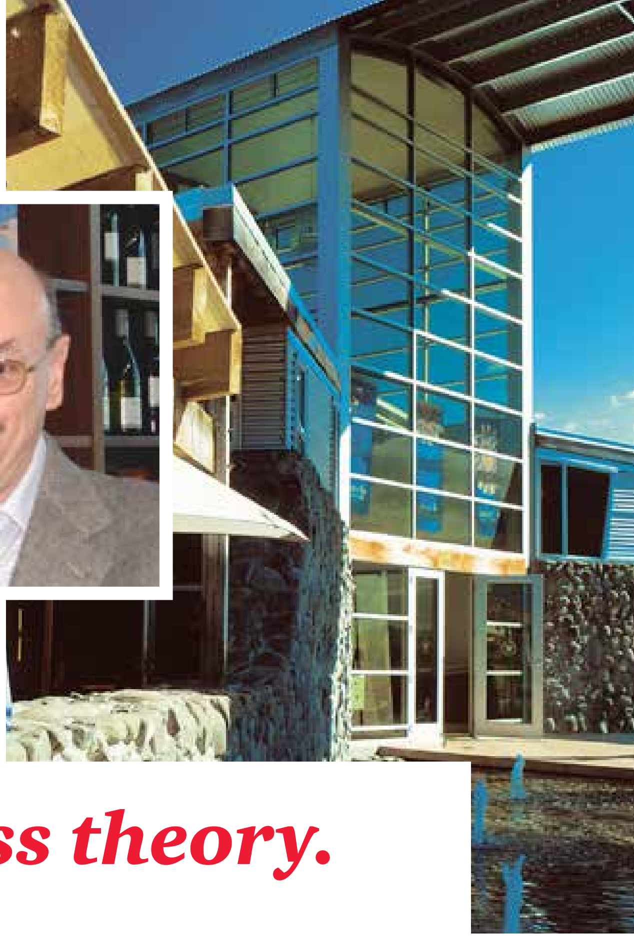
This is a challenge many next gens face, especially when the new idea is very different from the company's previous activities. As Jonas says, "Differences in management style between generations can generate more ideas and it's important for both generations to acknowledge each other's style. For example, my father is somebody who thoroughly looks at new ideas from every angle, while I like discussing possibilities and brainstorming different options. So when I was developing the 3D printing proposal it was important for me to be well prepared before I talked to him about it. And when I showed him my idea, he asked a lot of questions, just as I expected, but I was well prepared and had all the answers ready. Then we looked each other in the eyes and he said: 'if you can answer all these questions, it's probably a good idea'."

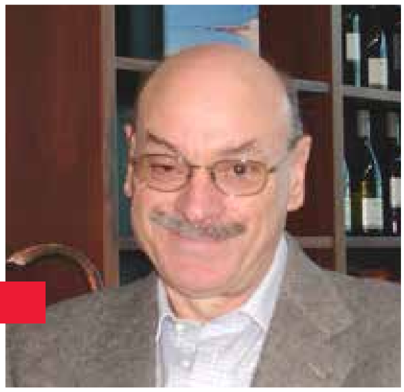
Netherlands

Additive Industries

One of the phases in executing the plans was to secure the funding. "That was where being a family business was a real advantage – because the funds were there. Just like most other family businesses, we had reserves on the balance sheet for these type of opportunities. And that made it easier in the early stages of Additive Industries too - we had much less stress than the average startup company, who typically spend 40-50% if their time looking for funding. That meant we could focus on the business all the time. We also benefited from the credibility that our association with Royal Agio gave us – a 'halo effect', if you like."

Three years on, and NTS-Group and Additive Industries are bringing a new value creation to the family firm, and giving Jonas the chance to grow a business of his own and make his mark. "The older I've got the more interested I've become in what my brother, my father, grandfather and great-grandfather have built. I wanted to find a way I could add something special of my own. I think I've found it."





New Zealand

Sir Graeme Avery
Entrepreneur & philanthropist

I don't work by business theory. I don't believe in it:

Insights from Sir Graeme Avery

Sir Graeme Avery has had a long and successful career as an entrepreneur. He set up the Adis International medical publishing group, having identified a gap in the medical journals market, and made it into a world-leading scientific publisher. That business was sold in 1996, and Sir Graeme moved into wine, which had always been a passion and now became a business. He is President of Sileni Estates, New Zealand, which has grown from 2,000 cases in 1998 to 750,000 cases now, and is about to make the transition to its second generation. He is also a prominent and respected philanthropist. We talked to him about being an entrepreneur, going digital, and understanding millennials. Here's what he had to say.

How have you grown two such successful businesses, and in two such diverse sectors?

You get growth through two mechanisms: growing the markets you have, and finding new markets. You can grow your existing markets by expanding your channels, or developing new products. In the wine business, channel is key: you have to understand how retail works in specific markets, and that varies widely. For example, in the UK it's relatively easy, as there's a small number of big nation-wide supermarkets, but in the US it's all regional. New products are vital as well, but it's not easy to innovate in wine. The other way to grow is by finding new markets. I've always enjoyed that.

Right now, the future looks uncertain, but it's also full of opportunities if you think differently. As I said, innovation is tough in wine, and you're limited as to what you can do. The obvious one is packaging: a different size, a different-shaped bottle. But we can't get different-shaped bottles in New Zealand at a competitive price. We managed to develop a 187ml PET bottle with a clip-on cup, but it was impossible to produce it in New Zealand so we did a JV with a business in France. In general, I believe innovation is in a company's DNA, I'm not sure you can bring it in from outside.

What about digital – how is that playing out in wine?

Clearly digital communication is a no-brainer, but it's all about the 'how'. In my view, e-commerce in wine is a myth for an off-trade brand. To be effective, you've got to have something communicated in the local language that works in the culture of that country. Even in the US, where we've spent a bit of money on social media, I'm not sure it adds any value. Some of our competitors have spent a fortune and it didn't work. Everyone is struggling with social media. We know we need a digital strategy and we're working on it, but we're not there yet. In the meantime we're ensuring we have a good website and working with retail partners who are making a success of online, like Woolworths in Australia. But everyone in our business says the same: you have to balance online and offline because in the end, humans have to relate to humans.

New Zealand

Sir Graeme Avery

That's why the retail wine shop of the future will be about social engagement. Every shop has got to be a Starbucks – and wine is no different. People will go there to engage with friends, have a small tapas plate of food and learn about wine their way – and then order online. Wine is not about the features of wine anymore; it's about a value buy offer and an excitement around the brand. To do that well, we have to understand what millennials want.

And what do millennials want?

We have a French intern working on a big project on that right now. She's looking at how they make their buying decisions and what that means for our business. As consumers, they like discovering things. They want to be different than their parents and they're not brand loyal. You have to take things to them; they won't come to you. But we have to engage with them because when Generation Z comes through in four years, 50-60% of all wine will be consumed by people under 40. That's never happened before and we don't understand it properly yet.

As for employing millennials, we need to employ more people from that age group – but they're a challenge – as employees. They have an immediate sense of entitlement, they don't like coming to a physical workplace, and they don't want to be accountable to anything other than themselves and their peer group. However, they think differently and that is what the future is all about.

What would you have done differently with Sileni Estates, knowing what you know now?

We should have gone into Marlborough Sauvignon Blanc right from the start – we'd be at one to one and a half million cases now, if we had. We started with Semillon from Hawkes Bay and started developing export markets in the UK, US, and Australia. By 2000 it became obvious we had to have Sauvignon Blanc too, so we did. And by 2004 we were doing really well and had won several trophies in London. We also lost a few distribution opportunities because we didn't have Sauvignon. Anyone running a business makes a lot of little mistakes – that's how you learn – but that was a big one.

I don't work by business theory. I don't believe in it. All business theory does is follow successful businesses. But in this sector, there are roadmaps – as someone coming into it new, there was no-one to really talk to about it. I don't mean making it. I mean the business of wine – selling it and making a profit. That's the hard part.

What's different about running a family business?

All family businesses are tightly held and tightly run and they're best that way. I think if I had my time again I would bring in a wider range of people to consult with on an informal basis. But that's not to say that you don't need the disciplines of governance – you do. As for getting in outside professionals, I've never worked with an outside CEO – I just couldn't countenance that. A professional CEO would be just there for the big money, to be brutally frank. I'm lucky that my son Nigel is going to take over as CEO, because I would find it very hard to hand over to someone from outside. Family firms like ours will only survive if the next generation has a very different view on the future and is prepared to make the necessary changes.

But in the long term, I don't see Sileni staying in the family – not in 250 years. But we're not at the right scale to do a listing yet. The only other choices are private equity or a trade sale in the medium term. The exit strategy is the hardest thing.

So if you were going to be remembered in 250 years, what would you want it to be for?

I suppose any legacy is in your achievements. Whether it's in business, helping the country grow or in philanthropic giving, helping talented sportspeople be the best they can be. I've devoted a lot of my time to philanthropic causes, especially AUT Millennium in Auckland, which is all about encouraging healthier lifestyles for New Zealanders, and providing them with high performance world-class sports training facilities. I've helped raise a total of NZ$85 million for this facility. 800,000 people used it last year, and there are 250 elite athletes based there. People who help others don't expect anything. I've never wanted naming rights of anything. But I'm determined to make an impact – to leave something positive behind.

Oman

Sayyid Nasr bin Badr bin Hamad Albusaidi
Non-executive director

SABCO
Conglomerate

'A sense of responsibility': Family, community and nation in Oman

SABCO was set up in Oman in 1977, by Sayyid Hamad Bin Hamood Albusaidi and his two sons, Sayyid Sami and Sayyid Badr. The business was founded with a mission to provide local infrastructure and employment, and play an active role in nation-building. Forty years later, it's a diversified conglomerate headquartered in Muscat, which now includes members of the third generation as owners. It has interests in sectors as diverse as luxury goods, media and energy, and – as is common elsewhere in the region – these different divisions allow family members to take a leadership role in their own specific business. But the company is also open to the contribution that skilled outsiders can make, and has a number of non-family executives at senior levels, including on the Group Board of Directors.

Sayyid Nasr is the grandson of the founder and serves as a non-executive director on the board of one of SABCO's subsidiaries. He believes the company has gained a lot from bringing in outside professionals; "It is possible we might even appoint an external CEO at some point in the future. But this is a journey that will take time to implement and in the meantime we are keeping our options open by encouraging suitably qualified members of the family to consider a career at SABCO." But such positions are only offered on merit; "We will no doubt have specific training programmes for the family so that we can match the skills they have with the skills our businesses need. Our aim is to develop them as leaders, whether they end up taking such a role in SABCO, or in another corporation. In general, we are looking to grow our business by fostering a entrepreneurial spirit among all our employees – in effect, by growing our own 'intrepreneurs'."

SABCO has spent time and care on developing its corporate and family governance. There is an active family office, which has been looking after the family's financial and other interests since the 1970s, but is now expanding to take on a wider remit. The family have also implemented a number of practical solutions to professionalise the business as well as the family's relationship with it, including setting up a family council and other governance structures necessary to enhance communications between the various stakeholders. These forums are starting to meet more often, as the business grows, and the number of wider family members increases. "We are all agreed on our long-term goals – for example, we are looking carefully at how we nurture the next generation and bring them through, how we make it possible for family members who do not work at SABCO to keep involved, and how we balance the need for profitability, with the wider vision with which this business was founded."

That vision is inextricably linked to a pride in nationhood, and a deep personal and family commitment to Oman. "We feel a sense of responsibility to create jobs and make a positive contribution to society. But that is not a burden; it is a privilege."

Global Family Business Survey 2016
Case study

Poland

Zbigniew Inglot
Owner & President of Supervisory Board

Inglot
Cosmetics manufacturer & retailer

From Przemyśl to premieres:
Growing a global brand in Poland

It's a long way from a town in southern Poland to the bright lights of Broadway and the catwalks of Fashion Week, but one family firm has not just gone the distance, but done it in style. Inglot Cosmetics was founded 33 years ago by Wojciech Inglot, supported by his sister Elżbieta. They were later joined by a second brother, Zbigniew.

The company is at the forefront of the science of beauty, exploiting an in-depth knowledge of chemistry, physics and pigmentation to create its huge range of intense and vibrant shades, which have made it the darling of the fashion and entertainment business. There are over 1,500 different colours to choose from across eyes, lips, face and nails, and Inglot's signature 'Freedom System' allows customers to pick their own special palette of tones.

These days, you can find Inglot at all the glitziest show biz events, from the sets of film and TV studios to backstage on Broadway, but the company has never lost touch with its roots, and still prides itself on its Przemyśl presence. Even the huge advertising billboard they have on New York's Times Square is actually managed from the head office in Poland. As Zbigniew says, "We belong here, and we're a big employer here. That's a huge responsibility. And we're committed to making our make-up here, too – 95% of it is manufactured at our site." The next big step at Przemyśl will be extending the R&D facility. True to its roots, Inglot devotes huge resources to the scientific development of new products, often in collaboration with universities. The state-of-the-art O2M breathable nail polish was developed by Wojciech Inglot and tested in cooperation with the AGH University of Science and Technology. The revolutionary breathable formula, which was created specifically for health reasons, has quickly become a global success and coincidentally helped the company get a foothold in to the lucrative luxury malls in the Middle East.

With the second generation now joining the management team, the roles within the team continue to be clearly defined: Elżbieta focuses on operations and new product development, and after the sudden death of Wojciech in 2013, Zbigniew has taken over full responsibility for strategy, investment, and international expansion. Since the first store opened in Canada in 2006, the company has established, owned or franchised Inglot outlets in nearly 80 countries, including 650 boutiques in some of the world's smartest locations. They've also opened concessions in department stores like Macy's in the USA, Edgars in South Africa, and Falabella in Chile, Peru and Columbia. Right now, they're opening up to two new stores a week, all over the world. "We could grow quicker, but we can't afford mistakes. And getting each new store right takes a lot of thought – it's not 'one size fits all'. We actually manufacture the fittings and furniture ourselves and employees from Przemyśl go out and install them."

Poland

Inglot

E-commerce isn't as fully developed as yet, but it's coming: "We initially thought we wouldn't need to sell online, especially in Poland, given we have such a big retail presence, but we know now that was a mistake, and we're catching up. We're lucky that cosmetics is a hugely active category online, and the items are small and easily shipped." In fact, according to PwC's 2016 Total Retail survey, 65% of the people who buy cosmetics products bought at least some of them online in the previous twelve months.

So what does the future hold? "Product-wise, we're looking at moving into face creams, lotions – what we call 'white cosmetics'. That could be an amazing category for us. As for the brand, my dream is to make it the most recognised Polish retail brand in the world." Given that one beauty website calls Inglot "the makeup-lover's ultimate dream brand", it looks like they're well on the way.

Global Family Business Survey 2016
Case study

Russia

Boris Tarasov
Founder & CFO

Avgust
Pesticide producer

Globalisation, digitisation, demographic change:
Managing the megatrends in Russia

It's relatively rare for Russian businesses to be genuinely international, and even more so for a private business. But Avgust is an exception. The first Russian pesticide producer to operate across the world, Avgust has a joint-venture company in China, a subsidiary in Brazil, sales in Eastern Europe and Latin America, and plans to expand in Asia and North Africa. The ambition, says Boris Tarasov, one of the founders and CFO, is to "be one of the top twenty companies in the sector in the world. And we think we can do it. Five years ago, we predicted that Russia would be the world's biggest grain exporter, and no-one believed us. But we were right. During that time, our own business has grown dramatically, and we're competing successfully with global brands like Syngenta and Bayer."

Globalisation is clearly opening up significant opportunities for Avgust and it has made the successful transition from selling in adjacent markets, to those with very different languages and business practices: "Our business has its historical base in Russia, Belarus, Ukraine, and Kazakhstan, and the 'mindset affinity' between those countries has made it easy for us to trade between them. But now we're looking much further away, and we have to find new ways to build relationships. We do this by hiring experts who understand those markets, and as a result we've discovered some important common ground with farmers in Colombia."

Another megatrend that Avgust is exploiting is digitisation. "There comes a time when you realise the world is never going to be the same. People are ordering taxis via their smart phones – they have everything they need on their tablets. Clearly, agriculture will never be entirely digital, because farmers will always have to go out in the field and see what's going on. But there's a lot happening in this sector all the same. Remote monitoring of crops, using temperature and precipitation data to help improve yields – that sort of thing. We are always open to new ideas. When we started, 26 years ago, no-one could have predicted the world we have today, but we've survived and grown by being flexible – by being able to adapt."

One thing that certainly can be predicted over the next 26 years is the impact of demographic change. More people will become middle class, and have the spending power to buy better goods, and eat better food. "That's an opportunity for us too. The long term trend for our

Russia

Avgust

sector can only be positive, as the world's population keeps growing, and people eat more and more meat. That's why we're positioning our business for growth. As well as selling into new markets, we're also constructing a new plant in Russia, one of the biggest in Eastern Europe. We're lucky in that we are generating enough cash to fund our expansion – we have a great credit rating so we could raise money from outside if we wanted to, but we don't. That said, I think we will go for an IPO in the next five years or so. Not so much to raise funds, but more as part of our work to professionalise the company. Having a listing forces you to be more transparent, to comply with accounting and other regulations. That's a good thing."

Global Family Business Survey 2016
Case study

Russia

Evgeniya Uvarkina
CEO

Trio
Agribusiness

Learning as you grow:
Strategic planning in Russia

Trio is a Russian agribusiness company founded in 1997 by two entrepreneurs as a grain and sugar-trading venture. In 2003, the company ventured into the agricultural business. Today, Trio is a multifaceted enterprise, with turnover exceeding US$100 million, and is one of the leading suppliers of potatoes to Frito-Lay/PepsiCo. It has also diversified into grain, sugar, dairy and potato production.

And, yet, as founder and CEO Evgeniya Uvarkina acknowledges, they knew virtually nothing about agriculture when they started out: "Actually, I think it was easier to make decisions back then precisely because we knew so little about the sector. We'd had no agricultural training, and didn't have the relevant experience. But, what we did have was energy, ambition, and an appetite for trying something new." In fact, that's a good definition of an entrepreneur, and Evgeniya's experience is a great illustration of LinkedIn founder Reid Hoffman's description of entrepreneurship: "It's like throwing yourself off a cliff and assembling an airplane on the way down."

In Trio's case, the new "airplane" seeks to tap the full potential of advanced technology. Trio has invested significantly in this area. As Evgeniya says, "By studying American technology, we learned that the best way to increase our sugar output is by enhancing the plant's production cycle, which is what we did." The required investment volume is significantly lower than investing in expanding capacity, which is the European approach. In addition, the company also makes maximum use of automation to improve productivity. They've automated the management of sugar plants, dairy farms, and potato crops using GPS devices, with all the data sent remotely to smartphones. The company has also implemented an irrigation management plan, which provides for the maximum yield of the highest quality potatoes while rationing the use of water. Further automation of potato stock control helps to preserve quality potatoes throughout the year, because potatoes are harvested in autumn but only shipped to processing plants from January through to July. It is especially important to preserve potato quality until July, as the standards for crisp-making are higher than for ordinary potatoes. Evgeniya adds, "We have to deliver that level of quality if we're going to remain one of Frito-Lay's preferred suppliers."

The past 12 months have been a "year of quality" for Trio as the company has been focused on areas like health and safety; the next task is to increase production and develop an IT strategy.

Professionalisation is another priority. When Trio started, the company didn't have an HR department so the managers had to teach themselves and then, in turn, teach their staff. Today, the company wants to develop its staff in a more professional way by taking a more focused approach to staff induction processes, development and education.

Russia

Trio

Evgeniya Uvarkina adds, "We also want to delegate more powers and responsibilities to our managers. We understand that we, as founders, cannot control everything or make every decision. So, I would like to see us becoming more like a conventional board over the next five years, with the day-to-day management fully run by our top managers. Then, we will be able to devote more time to analysing new directions for the business."

Trio already has a strong financial partner in Sberbank, but Evgeniya sees a full share listing as the longer-term goal. She says that the process of preparing for a listing will mean an even higher degree of transparency and discipline, which is only a positive.

In the next five years, the company plans to double its revenues and earnings. As Evgeniya notes, "We have a strategic plan to do that. But, taking a broader view, our aim is to be doing something completely different by the end of that time. What might that be? Right now, I don't know. It could be a new product, a new idea, or a new way of doing things. That's the spirit that we started with when we founded Trio – at heart, we will always be entrepreneurs."

Global Family Business Survey 2016
Case study

South Africa

Milaan Thalwitzer
Non-executive Chairman

The Bosveld Group
Citrus fruit producer

Family, country, and community:
Giving something back in South Africa

One of the family firm's great strengths is its rootedness in its community. We've interviewed companies for this survey in the past that have been going for over fifty years and have worked with the same suppliers all that time. Many family firms turn these relationships into a unique competitive advantage, and take pride in the positive role they play in creating local employment, and supporting local communities. The Bosveld Group, of South Africa, is a great example.

The company was founded in the 1960s, and is now South Africa's largest private citrus fruit producer, exporting 5.5 million boxes of fruit to 50 countries across the world. Milaan Thalwitzer, is the current non-executive chairman, and three of his sons-in-law hold management roles, with one as CEO.

Milaan was named National Farmer of the Year in 2014, in recognition of the company's commitment to land reform, and making the black empowerment agenda a reality. Bosveld committed to Broad-Based Black Economic Empowerment (or BBBEE) thirteen years ago, and is now involved in a number of pilot projects in which the company leases land from black communities on long-term contracts, and then pays rent from the proceeds of the fruit growing business. Training for local people is built into the scheme, so that the owners of the land get a chance to work on it too. "If we can get this right, it should be a win-win for everyone. Land reform is a complex and sometimes divisive issue here, but we can find a way forward if the farmers themselves play an active part in finding the answers."

Bosveld is committed to South Africa, because the family has always been committed to South Africa: "When people ask me why we've been so successful I say it's down to three things: keeping pace with change, seizing new opportunities, and our commitment to this country. In the next five years our plan is to make the most of the energy the next generation are bringing to the business, and empower our local communities so we make a positive and sustainable impact. We have no plans to diversify our fruit production internationally. South Africa is a land full of potential and we must first invest in our own future and the future of our people."

And how does Milaan want to be remembered? "As someone who was lucky enough to combine his greatest passions: my love for my family, country and community, and my love for farming."

Turkey

Selim Yaşar
Chairman

Yaşar Holding A.S.
Retail & Consumer

For real leadership, you need family: Growth and professionalisation in Turkey

Turkey is one of the most vibrant markets in the world, with a young and tech-savvy population, an enviable position at the crossroads of Europe and Asia, and an entrepreneurial culture. There have been many political upheavals in the last thirty years, and the region still faces significant challenges, but when it comes to emerging economies, Turkey is still putting the 'T' in MINT.

Around 95% of Turkey's businesses are family-owned, and these firms are an absolutely vital part of the country's economy, driving growth, prosperity, and innovation. Yaşar Holding is a great example: born out of a trading concern in the 1920s, it evolved into the country's leading paint business in the '50s, and is now a diversified group in its fourth generation with nearly 80% of its interests in food production. And while the majority of its US$1.5bn of annual sales are within Turkey, Yaşar Holding remains true to its trading roots and exports successfully to the Middle East, Europe, and the former Soviet economies.

"When I became chairman," says Selim Yaşar, "I said 'we want to grow. How can we do that?' Part of it was about maximizing our production, but we also looked more laterally – at growing our brand, and diversifying our revenue streams. The key to everything was flexibility: being flexible in how we utilised our manufacturing capacity, and being prepared to utilise our distribution systems to distribute other companies' products. That was our strategy. And it has worked. And we have never stopped investing in innovation. You have to do that, if you are in the FMCG industry. Every year, we spend around US$100m on new machinery, better packaging, and more efficient processing. And we keep up with trends in food too – we have organic farms, and we make a whole range of healthy products, and we are expanding our private label business, which is a growing segment and very exciting for us. We also offer easy-to-cook meals, designed for the increasing numbers of people in Turkey who are working outside their homes and do not have time to create meals from scratch."

Yaşar Holding has fully embraced the potential of digital: "We capture a huge amount of data and can access it on a PC or mobile device. Information such as the location of our transportation vehicles, for example. And our monthly reports are available eight days after the end of the month. That means I can see what is going on in all our companies very quickly, which makes us more agile, and allows us to take very fast decisions." In fact, the Group has got so good at running ERP systems that it is making such expertise available to other businesses as a service.

Having established a business which leads in sectors as diverse as industrial paint and children's dairy products, Selim has strong views about leadership from a family business standpoint. "We are experts in it. We have centralised finance and HR functions, and we have professional managers at senior levels. However, there is a limit to their commitment. We have brought in

Turkey

Yaşar Holding A.S.

external managers many times, but some of them only stayed a few years, then they quit. But the family members do not quit. We are born to it. So you can have professionals working for you in areas like accounting, finance, marketing, and R&D, and they are really valuable. But sometimes for real leadership and taking risk, you need the family."

One area where Yaşar Holding offers a valuable model for other family firms is in its approach to its Board, which includes three people from the family and three professional executives: "In my opinion, family members should work outside the business for a couple of years and then work for the company. And after twenty years of doing that they should become Board members. In each of our companies we have professional executives who have no relation to our company, because it is important to have outside views on a Board. And every year we change Board members – we remove directors who do not contribute and find other people who will. So being on one of our Boards is a challenging position. But that is what we want. That is what will help us grow."

Global Family Business Survey 2016
Case study

UAE

Osama Ibrahim Seddiqi
CFO

Seddiqi Holdings
Luxury goods retailer

Traditional values, new challenges:
Family firms in the Middle East

As we've discussed in previous reports, family businesses are especially important in Middle Eastern economies, contributing 60% to GDP and employing over 80% of the workforce. Many of the region's largest companies are family-controlled, and in a sector like retail, some of the biggest Western brands are actually managed as franchise operations by local family firms.

The Seddiqi family has built its own successful legacy and brand; Ahmed Seddiqi & Sons has a reputation as a trusted destination for luxury watches and jewellery in the Middle East, representing more than 60 luxury timepiece brands across 65 locations in the UAE. The company was originally founded in the late 1940s, and four generations later, is still owned and run by the family, with new ventures in education, healthcare, services, and real estate co-ordinated through a holding company.

Osama Ibrahim Seddiqi is CFO of Seddiqi Holding, and first got involved in the family firm during school vacations, working as a sales assistant. "This is where I learned one of the secrets of our family's success: we treat our customers as long-term friends, not just one-off clients. That's as important now as it was in the 1950s. That's why I sometimes make a point of delivering some of the client's timepieces. That's part of our culture."

However, Osama didn't go straight into the family firm. In fact, he followed a carefully thought-out career plan, beginning with a baccalaureate in Dubai, followed by a degree in Business Administration in Denver, and several years' experience with the National Bank of Dubai. "This allowed me to develop all the specific skills I needed to take on a senior finance role in my family's company, and I now sit on Seddiqi Holdings executive committee and Board of Directors. We currently have ten family members actively involved in the day-to-day operations of the business, but we recognise the value of bringing in skilled professionals from outside, and there are many in senior management or C-suite roles."

Osama believes that the Seddiqi family culture is one of the principal reasons why top talent comes – and stays: "Our founder wanted us to have a dynamic but family-oriented working environment, and we're committed to ensuring that continues. People like the fact that we have a very flat management structure, and decisions can be made and implemented quickly. We also invest in training and developing our employees – we now have over 700 across the whole business." Family members are also thoroughly trained: "We have a robust succession plan that nurtures and develops younger family members who are interested in joining the firm, ensuring they have the right skills in order to succeed."

One of those skills will undoubtedly be digital. Ahmed Seddiqi & Sons was one of the first retailers in the region to see the potential of digital ten years ago, and this technology is now transforming how people shop. "Digital has to be absolutely integral to every organisation's marketing and communication strategy. It's central to every aspect of consumer engagement, whether that's e-commerce, advertising, consumer targeting, or social media. That's the future, and it's happening now."

UK

John Hoy
CEO

Blenheim Palace
Stately home

Protection, promotion, and posterity:
The business of heritage in the UK

Blenheim Palace is one of the most spectacular buildings in the UK and a World Heritage site. It was built to celebrate the battle victory of the first Duke of Marlborough, and 300 years later is still the family home of the 12th Duke, which makes it one of the most enduring 'family concerns' we've ever profiled. But Blenheim Palace is a business too and over the last fifteen years the family and trustees have overseen the transformation of that aspect of Blenheim's activities under the management of its first professional CEO, John Hoy. We travelled out to his beautiful workplace to ask about the special challenges of a position at the Palace.

Why did the family decide that they needed a professional CEO? When was that decision made?

The Palace is actually owned by a family trust, which has family members as trustees, as well as some high-profile external advisers with expertise in areas like the law and land management.

About 15 years ago, the 11th Duke decided to bring in two of the younger members of the family, who had City and business experience. That was the catalyst, because they quickly realised that Blenheim needed to modernise if it was going to fulfil its potential, and generate the money needed to keep the palace in proper repair. Part of that modernisation was about changing the business structure, and part of it was bringing in different skills. That's when they hired me. I had land management qualifications, and experience in running a big estate at Knebworth and major leisure attractions like Madame Tussaud's and Warwick Castle, so it was a great fit. And for me – a fabulous opportunity.

What was Blenheim like when you arrived – what did you find?

It was a tourist attraction, but I wouldn't really call it a 'business'. There was no budget process, no proper reporting, no strategy, no long-term plan. There wasn't even a World Heritage site management plan, and you really do need one of those if you have that status. So there was a really pressing need to professionalise the way we worked. We didn't do marketing or PR back then either – that was a hangover from the '70s and '80s, when sites like this used to assume that if you opened the doors people would just come. And yes, it did work that way for many years, but by 2003 that wasn't enough as there was so much competition. So there were some big challenges, but there were big opportunities too.

What did you do?

We did a complete review, both of what we were doing, and how we did it. And right from the start, I had huge support both from the Duke and the trustees, and more recently from the 12th Duke, since he inherited. I couldn't have made as many changes as I have without that degree of engagement. They supported me in instituting the professional business processes you'd expect from an entity of this size, and then I started looking at what we were offering people, because the first priority was the core activity – our visitor experience.

UK

Blenheim Palace

We opened up more parts of the Palace, and built a new attraction called 'The Untold Story'. We also changed the ticket pricing structure to make it more modern and flexible, and we introduced an annual pass, which was pretty ground-breaking at the time but proved to be a great success. A place like this can struggle to get repeat visits because people think they've 'done it' if they come once. So you have to find ways to tempt them back again; the annual pass was very good at that. We also extended our open season to almost the whole year, which, again, is quite unusual in our sector but allowed us to offer special events in the winter as well.

We also completely overhauled the supporting commercial activities – much better catering facilities, and a superb new shop which is probably one of the best of its kind in the country. Having done all that, our next objective was to explore how we could diversify, and bring in new sources of revenue we weren't tapping into. We're bang in the centre of the country, with excellent transport links, and we have 2,000 acres of some of the most glorious grounds in the UK, but we simply weren't making the most of any of that. We hardly ran any events, for example. In the last ten years all that has changed. We have events all year round, from celebrity weddings to huge public events like BBC Countryfile Live, which attracted over 125,000 people. We have sports events, and car rallies, and fashion shows, and contemporary art installations. The Ai Weiwei show in 2014 was phenomenal. Another case of people telling us 'you can't do that', and us replying 'yes, we can'.

So there's a huge amount going on, but it is working – when I first came we had around 300,000 visits a year. This year, we may well reach the magical million across all of our activities.

Have you diversified in other ways?

Definitely. The film location side is really booming – we were used for Spectre and Mission Impossible 5, as well as all sorts of smaller productions. And that involves a whole lot of new skills too – you have to balance the need to protect the fabric of the building (literally, in some cases) with what a film unit need to be able to function efficiently. Our head of operations is very good at this, and her team are very experienced, and as a result we've got a reputation for being good to work with. That's essential.

We also look at diversification in a wider sense – not just diversifying what we do at the Palace itself, but within the much larger estate, which is another 10,000 acres. For example, we invested in an industrial estate in Witney, to ensure we have a more even balance between industrial, agricultural, and residential property. Ironically enough, that same site used to be owned by the estate until the government compulsorily purchased it before the last war. We also have our own construction firm, Blenheim Estate Contractors Limited, which is building both commercial units and market/social housing. That whole area is very complex, with a lot of tax and planning issues, and we always have to decide if a particular development is the right thing to do with land that's been part of the estate for generations. On the other hand, it can bring in vital revenue, and we're looking to channel some of that into a new charitable trust, which will make it easier for us to apply for lottery funding for some of our capital and restoration projects at the Palace. At any one time there's about £40m of work that needs to be done, and at the moment we manage about £2m a year which implies a 20 year cycle. But it's like the Forth Bridge: by the time you finish you have to start all over again.

Another diverse venture is Blenheim Palace bottled water. That's fabulous because it gets our name out there in the sort of restaurants and hotels that our potential visitors are likely to use. We're now exporting the water too, with an emphasis on China and Hong Kong. North America and China are the two most important overseas markets for us, in terms of our visitor numbers.

UK

Blenheim Palace

How important is digital in reaching your visitor audience?

Absolutely vital. We use everything – Facebook, Instagram, Pinterest. Everything.

What role do you see the Palace playing in the wider community?

There are lots of answers to that. On a commercial level, I see Blenheim as a lynchpin for tourism in the Oxfordshire region. It's imperative that we all work together to maximize the value of the visitors who come here – we'll all do better if we don't stand alone. That's why I sit on the Visit England Advisory Board, and why I was part of setting up Experience Oxfordshire, as well.

Looking more locally, we take our responsibilities to the neighbouring area very seriously. The social housing venture is an important part of that, and the events we run can have a big economic benefit beyond the estate walls – we did a study of the last Game Fair at Blenheim and the wider impact was around £50m for the area as a whole and new events such as Countryfile Live will also contribute strongly to the local economy. There's also our education work, and all the efforts we've made to improve our environmental performance. Things like reducing our waste, and cutting our energy and water consumption – all things that you probably wouldn't think a stately home would be doing.

All of this is part of the same overall purpose – the same sense of responsibility. This estate has been here for 300 years. We don't just own the land, we're part of the landscape. That's why everything we do is driven by the need to be conscientious land-owners, and careful custodians of the family's heritage, both now and for future generations.

Global Family Business Survey 2016
Case study

UK

Simon Spinks
Managing Director

Harrison Spinks
Bed manufacturer

Changing the way the world sleeps:
Innovation and reinvention in the UK

The Harrison Spinks bed business is now into its fifth generation with three generations still involved in the business. Harrison Beds spent the majority of the 20th century as a mid-range mattress manufacturer, with a solid reputation and solid returns, though very little real growth. Then the '90s recession hit and the business suddenly found itself in trouble.

The current MD, Simon Spinks, takes up the story: "We'd expanded into a new building and took out a lot of debt to finance it, but when the downturn came the bank wasn't exactly supportive. I started by making some operational changes to cut our costs, but there's only so much of that you can do. We needed to grow our top line as well; the question was how? In the end we got our inspiration from two things: one was looking back at the past, and the other was looking ahead, at innovation. I did some research about where the business came from and went through a lot of the old archives. That's when I found references to the name 'Spink & Co'. That was the first time I knew my grandfather had ever used that as a trading name. The second thing was to look around at our own industry and see which of our competitors were actually making money. Surprise, surprise, it was the ones that had some sort of unique selling point, a technology that allowed them to sell at a premium."

That insight prompted Simon and his father to look at new ways to make beds, and Simon came up with an idea inspired by a Ford car engine. It was, in essence, a spring within a spring, which led to the creation of a completely new type of mattress, and some extremely valuable Intellectual Property. That mattress was launched onto the market as a premium-priced product under a new Spink & Edgar brand name. "That was a big change for us: we'd never thought of ourselves as a consumer brand or acted as one, probably because we had too much of a 'small business mentality'."

Since then, the company has continued to innovate, with a pioneering 100% natural mattress which deliberately runs counter to the current fad for memory foam mattresses. They also own a 300 acre farm where they grow their own natural fillings – hemp and flax and also rear sheep. They locally source as much as possible, including fibre crops and wool from other local farmers. As Simon says, "We've never been afraid to swim upstream."

These innovations have helped propel Harrison Spinks to annual growth rates of around 20%, but that degree of success eventually becomes a challenge in itself: "The risk is complacency, because success is not a burning platform. So you have to create that. And you have to be prepared to fail: you're not a truly innovative company if you can't handle the possibility of failure, because if you don't fail, you don't learn, and if you don't learn, you won't succeed."

The next challenge is to ensure the recent upgrade of the company's IT infrastructure is fully integrated and standards of production and customer service are maintained and enhanced as the company gets bigger. And there will be more innovations to come, too. As Simon says, "Our mission is simple: we want to change the way the world sleeps."

Global Family Business Survey 2016
Case study

USA

Rachel and Andy Berliner
Founders

Amy's Kitchen
Organic food producers

A home made success story:
Organic growth and organic food in the US

It would be hard to find a better example of what a family firm can achieve than Amy's Kitchen. In 30 years, Rachel and Andy Berliner have gone from making food in a small kitchen to fund their daughter's college fees, to owning and managing a multi-million dollar organic food business that's so successful it doesn't even need to advertise.

It's a business that began with passion and principles, and those two things still inspire it today. "It started when I was cooking for Rachel when she was pregnant with Amy," says Andy. "We were passionate about organic food, and I didn't have the time to cook things from scratch so I just wanted to buy good-quality convenience food. But I couldn't find it – not even in the health-food store. And we said to ourselves, there must be people like us out there who want the same as we do. People who'd buy home-made organic and natural ready-meals that actually tasted great. So we made one product, just to test it out. It was a vegetable pot pie. That's where it all started – with a vegetable pot pie."

Within a few months, that pot pie was being stocked in health-food stores across the US, and the Berliners started to add new lines to the range. "Our hunch about the potential demand was absolutely right," says Andy. "We'd found a niche that no-one else was catering for. Everybody wanted our products – we'd just send out a fax describing our new lines and the orders came flooding straight back. The business just grew from there – pure organic growth, right from the start. We were growing over 20% a year for the first 20 years."

Thirty years on, Amy is grown up and the business has grown up too: there are more than 230 products and 2,500 staff, production facilities across the US, and a new plant in prospect in Portugal to service the company's growing export business. And as the company added lines and facilities it added skills to the mix too: "We started with finance," says Rachel, "then logistics and agricultural. The last to come was marketing, because we'd always enjoyed doing that ourselves. But over the last few years, we've built a great marketing team. And as for sales, people join our team and stay for their careers. I think that's because the people we hire believe in what we're doing as much as we do. It's part of the culture of the place."

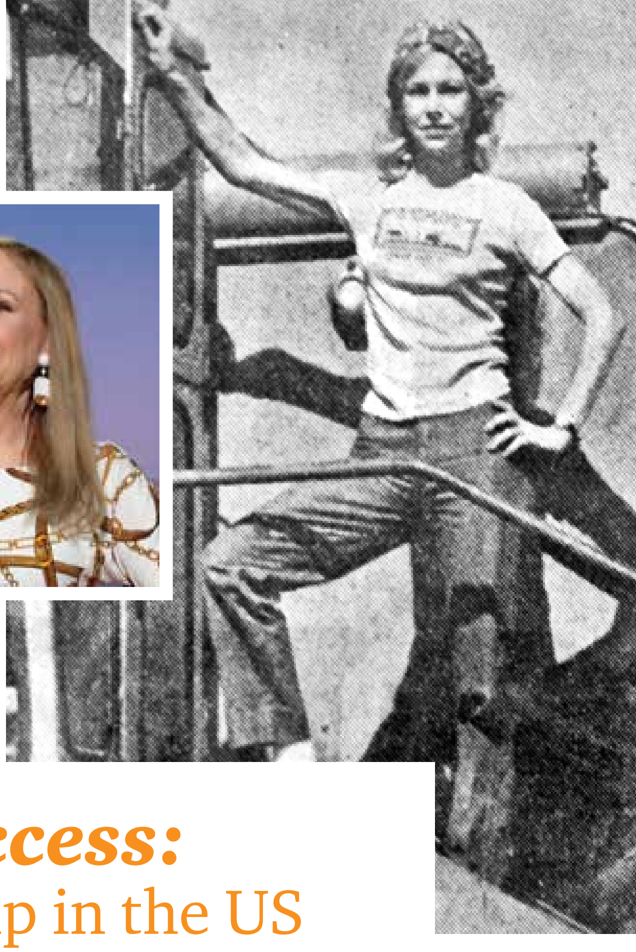
The business is still growing too, though it's more like 10% now: "It's harder to grow as fast as we did in the beginning," says Andy, "because so many other operators have moved into the same space. But we have such a huge advantage in having been there first and established a brand people really do trust. And we know that the way to keep growing is to keep coming up with new ideas. We have products based on a whole range of international cuisines, made from authentic ingredients by people who grew up eating and loving that food. Nothing makes me happier than when we get an email from a customer saying our food tastes like what their mother used to make. Because that's the essence of Amy's Kitchen, right there: authenticity and great taste."

USA

Amy's Kitchen

International cuisine has been one route to diversification; international expansion is another. The company already has a presence in Europe, with particular success in the UK, and the next big prospect is India. It's a huge opportunity, and a completely different one to either the US or UK, but it's ideally suited to the brand, given the growing middle class and the large proportion of vegetarian consumers. Other companies might find the sheer complexity of the Indian market daunting, but Amy's Kitchen has always had both the courage and the confidence to back innovative ideas.

As Andy explains, their new drive-thru restaurant is a great example: "We were always being contacted by people saying that there was nowhere healthy to take their kids – people who weren't necessarily vegetarian but didn't want to feed their children fast food. So we opened an Amy's, just as a pilot, and it's been amazing. Sales are twice what we hoped, and it's generated this incredible following on Facebook. We didn't even set the site up – it was started by people who ate there and loved it. That's what the brand has always been about. We're a big business now, but we're still just a back kitchen at heart. A much bigger kitchen, with much bigger pots. But we care about what we make and how we make it, and people can tell. You just can't fake that."



USA

Mitzi Perdue
Author & Entrepreneur

Failing your way to success:
Longevity and entrepreneurship in the US

Mitzi Perdue's story is summed up in the title of her website: 'Insider secrets from wildly successful families'. She's the daughter of Ernest Henderson, the founder of Sheraton Hotels, and was married to the poultry magnate, Frank Perdue.

Between them, the Henderson and Perdue families have 222 years of experience in managing successful businesses, and Mitzi is an impressive entrepreneur in her own right. Though back in the 1940s, when she was a girl, that looked like the last thing she was likely to become.

"My father made it pretty clear that I was never going to be in the family firm – I don't think it even crossed his mind that one of his daughters would have an interest in the business. And it wasn't just that no-one expected me to do it, it was actively discouraged."

As it turned out, it was the moment of transition between the generations that opened up an opportunity for Mitzi – when her father died in 1968 she still didn't get the chance to work in the hotels business, but she did inherit enough money to start up a venture of her own. "The Henderson family decided to sell Sheraton company, but it was only the men who got to have a vote – the women had just as strong views, and we were stockholders, but we didn't get a say. Soon after that I started a business growing rice in California, and I think I must have learned a lot from my father about the important of picking the right site, because I deliberately chose an area where I thought the land might have future development potential." The site was indeed eventually sold for an enormous profit, but in the meantime Mitzi spent 15 years growing a really profitable rice business, and had a great deal of fun as one of only eight women out of the five thousand rice growers in the US: "the other seven inherited their firms; I made mine."

Mitzi learned the value of visibility as a woman in a male-dominated sector, and became a leading light in the industry, helping to prevent legislation that would have decimated rice growing in the area, and becoming President of American Agri-Women. Though she admits, "It was easier being a pioneer then than it is for many women today." She puts her success down to a willingness to do her homework and work hard. Not being afraid of failure is important too, in fact she says she "failed her way to success". This ability to take a long view is a characteristic family businesses like her late husband's also share.

Perdue Farms is one of the largest producers of organic chicken in the world, with a promise that no antibiotics are ever used. But getting to that position – and making it profitable – was a long eleven-year haul. "My husband worked out that the only way to get a better price for selling chicken was by offering a

USA

Mitzi Perdue

premium quality. So we had to learn how to deliver that quality and still make money. We learned about the importance of scrupulous hygiene to keep disease levels down, and how to use probiotics and herbs to keep the chickens healthier. It was a huge innovation at the time, and it's really successful now, but if we hadn't been a family firm I doubt we could have done it. We wouldn't have been able to take such a long view."

But family firms have big challenges too: "I have a theory of life that one of the biggest causes of either happiness or misery in life is the family, so if you want to be happy you have to work really hard at your family. That's even more true if you all work together." The Henderson family have pioneered a number of really interesting ideas, as a way to keep the family united, and bridge the gap between the generations. One is the 'service to the family award', which is judged each year by all the previous winners. "On the Perdue side, we have regular newsletters, one of which is specifically designed for our youngest family members, with stories about the family, and what it did in the past, so they know where they come from, and feel part of something big and special. Because it is: if you're part of a business that's been going for four generations, that's a big deal. And it's very special."

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Design Group 30356 (Oct 2016)