

# Modern family life: the FBN summit

The FBN's 18th annual summit convened in Berlin to give family business owners around the world a chance to get together and exchange views and ideas. Marc Smith was in Berlin for the summit and reports on what occurred

The FBN's 2007 annual global summit took place in September and was the largest event ever staged in its history. Over 500 families from 35 countries descended on Berlin to learn, network and enjoy the German capital. The theme of the conference was "The Modern Family Business" and this was echoed from the very beginning - the summit was opened by two next generation members - through to the closing remarks by former chancellor Helmut Kohl, who spoke at length on his personal contribution to freeing Berlin from divided rule and enabling the city to transform itself into a vibrant modern metropolis.

Alongside parallel sessions and roundtables on a wide range of topics, the three-day programme provided plenary sessions that focused on central themes, such as new forms of leadership, emerging trends beyond the business and social entrepreneurship. A flavour of some of the talks is below.

## BERTELSMANN - A WORLDWIDE FAMILY BUSINESS OPERATING IN INTERNATIONAL MEDIA

Liz Mohn, member of the supervisory board of the German media giant, invited delegates to the company's HQ where she talked candidly about her views on how a modern business should be run on a global scale. She revealed that, in keeping with the company's roots, they chose entrepreneurial people to run the company and emphasised that "freedom and leeway to work" were more important than remuneration. This enabled Bertelsmann to be a "house of creative people" with a focus on "creativity to encourage long-term entrepreneurial thinking".

Being a global company, Mohn is well placed to give her views on the current state of play and the news for those in the West is not good. "Europe is saturated and tired," she said, and faced a big struggle to face up to the challenge posed by Asia. Nevertheless, she was upbeat on the role of family businesses, which she said were able to react quickly to opportunities and threats due to their "short decision pathways".

Leadership means promoting talent early and the next generation must learn the importance of social commitment early on in their lives. As vice-CEO of the Bertelsmann

Foundation, which sponsors 60 projects aimed at solving a variety of social problems, from healthcare projects to encouraging female opera singers, this is something Mohn is keen to highlight. Families should make public the socially responsible work they do, she believes.

## HIDDEN CHAMPIONS OF GENERATIONAL TRANSITION

One multi-billion euro German retail business spoke about how they managed generational change within their business. The head of the family explained how they view the firm as the most important constituent, followed by the family, followed by fortune. "Making the family rich is not our first priority," he explained.

He went on to describe how, in many families, generational transfer only happens when the head of the family passes away. To manage their own transition, the family hired a turnaround manager to help the business manage the succession process from father to son, and how they were lucky to find someone who would fulfill this role who wanted to "preserve the values but change the way the firm operated".

They also required a family mediator to help the family, which interestingly turned out to be the mother. She, in turn, outlined the characteristics needed by such a person: "trust, loyalty and love".

## THE UNIQUE CHALLENGES AND OPPORTUNITIES OF GLOBAL FAMILY OWNERSHIP

A range of panelists discussed their own personal experiences on this topic. Konstantin von Unger is a fifth-generation member of the family behind the Henkel brand, which went public in 1985 - family control is now held through voting shares. Whereas the fourth generation all lived in close proximity to each other in Germany, von Unger's generation are spread across the globe. To best manage the needs of the family, a family office was established to "encourage identification, strengthen cohesion, security".

Veronica Maldonado, a family office executive behind the Maldonado family office in Venezuela, spoke of the chal-

allenges of keeping as many as 32 family members from three generations together. The unique operating environment in Venezuela means the family has to worry about political upheaval, economic volatility and a brain drain.

As a result the family has set up an education fund to enable the next generation to study abroad, established a family office in Miami (US), while individual members develop different levels of risk tolerance. The family also has a foundation to enable those members of the family who are not in the business or the country to participate and feel a part of the family.

**RENEWING THE FAMILY BUSINESS**

Franz Haniel is the eighth generation chairman of the supervisory board of the Haniel Group, a German retail conglomerate. As a 250-year-old business - whose HQ is on the original site and remains the emotional home of the family - the group is used to transformation and renewal. Haniel revealed his belief that every company has a life cycle and how important it is to understand what phase your business is in. To illustrate the point, Haniel described how the group's original businesses no longer make a profit - it is the new firms acquired and set up since 1982 that have been successful.

Paul-Christian Rieber manages a €150 million business, GC Rieber & Co, in Norway. Despite having 150 family shareholders, he maintained that giving equal weight to all stakeholders was vitally important. One of the themes of Rieber's

presentation was crisis triggering change; during its history the firm has been unlucky (or lucky depending on your point of view) to suffer fire to some of its buildings, a rise in animal welfare awareness and a takeover attempt; however, events that could have been terminal were turned into points of renewal that has enabled the firm to prosper.

**BUYING BACK AND REVIVING THE FAMILY BUSINESS**

Georg Prinz zur Lippe recounted the amazing story of his family's struggle. As one of the oldest royal families in Europe, you would have thought there was little threat to the family's survival. However, this changed completely with WWII. "The family didn't run away when the Russians came in 1945," explained Lippe, because they wanted to show solidarity with the common people. However, after a few months his father was kidnapped, thrown in jail and had all his identity papers burnt. His mother and siblings soon followed - although neither knew the other was alive.

When his father was freed after the war he worked as a gardener - all the family estates and businesses had been sold off and the family had literally nothing. When he finally met someone who recognised him - a cement works owner whose own family had been helped by the Lippe's - the family was able to get back on its feet. They re-purchased the Schloss Proschwitz estate and vineyard and Lippe set about bringing the winery back to life. Today it is a very successful wine, spirits and event management business, proudly restoring the Lippe name to some of its former glory.

**A MODERN WAY OF RUNNING A 200-YEAR-OLD FAMILY BUSINESS**

Three partners from Lombard Odier Darier Hentsch, the seventh generation Swiss private bank, shared their views on ownership and partnership. Thierry Lombard, Christophe Hentsch and Anne Marie de Week admitted that one of the traditional problems with partnership is that people can take their capital with them when they leave. However, partnership is also about meritocracy and legitimacy and family businesses can overcome the hurdles. LODH rules insist that new partners have to buy the partnership - they cannot inherit it - and they believe that the current number of partners (nine) is broadly the right number.

**FITTING FINALE**

The conference ended with an inspiring speech by adventurer Bertrand Piccard, who entertained his audience with stories of his round-the-world trip in a balloon. However, he also called on the audience to recognise those who have little or next to nothing by using their ideas to change the world.

Chancellor Kohl can justifiably claim to be someone who has changed the world and, in a fitting finale, his speech at the gala dinner reminded everyone that the freedom we enjoyed in Berlin during the conference was thanks in no small part to his modern vision of a democratic Germany. ●

Marc Smith is acting editor of *Families in Business*.



Fashion victim: the FBN summit featured a catwalk show