



## 4<sup>th</sup> EFB Summit - Amsterdam

The 4<sup>th</sup> European Family Business Summit took place in Amsterdam on the 30<sup>th</sup> of May. Over 180 family business entrepreneurs from 18 European countries came together to address important business and political developments that are affecting family businesses in Europe.

The conference was opened by FBNed chair **Marlies van Wijhe**, who noted that family businesses are deeply rooted to the

sustainability movement. Both the concept of the family business and sustainability are intertwined.

Peter Jaskiewicz, professor at the Telfer School of Management, presented his findings of the performance of **Family Firms**. He explained that his latest study seeks to identify what factors impact the performance of family businesses across the world. A positive correlation, Mr. Jaskiewicz noted, is found between the effectiveness of government institutions and the performance of family firms. He stated that countries with a well-functioning legal state represent a better environment for such firms to develop: "Families professionalize, [ ] can be sanctioned, [ ] [and] hire more professionals". Mr. Jaskiewicz clarified that with more trust in state institutions and outsiders to the family business, external professionals that would potentially perform better than family members have higher chances of being hired.

Béatrice Ballini, leader of the Family Practice at Russell Reynolds Associates, followed with her presentation entitled: "**Genetics of a Family Business CEO in an unstable economic and political environment**". Her study was conducted by the surveying of 37 CEO across a wide range of sectors and industries to "measure management and leadership style and behavior". Mrs. Ballini declared that CEOs are "a breed apart" from their executive peers. Overall psychometric differences were assessed between family-owned businesses (FOB) CEOs and other CEOs. Mrs. Ballini noted that FOB CEOs exhibit "a paradox" displaying decisive behavior along with an eagerness to start whilst also being more conservative about goals and averse to risks. However, it was stated that non-family member CEOs will differ from internal CEOs in how more involving of others and less independent minded they can be. Mrs. Ballini concluded by describing the ideal CEO: "a non-family member leading a smaller and younger company with high degree of family ownership".

The first panel discussion, entitled "Family Business Sustainability", saw an in-depth discussion on what 'sustainability' means for family businesses. The panelists included **Fanja Pon**, chair of the Supervisory Board Pon Holding; **Jonny Wates**, director of Wates Group and **Jan Peter Balkenende**, former Prime Minister of the Netherlands and expert in Sustainability. The discussion was moderated by Jeroen Smits who quizzed the panelists on the various facets of sustainability in the family business context.

**Fanja Pon** noted, when asked about preparing children to take over the family business, that there needs to be “room in the family business for children to express themselves”. She added that staying competitive is key to the functioning of the business, if sustainability is kept in practice and that trust within the organization is achieved in daily work.

**Jonny Wates** noted that one must look at the business through two lenses: “One family lens on sustainability, inducing long term vision, and an operating lens, dealing with short term pressures of day-to-day activities”. Along with merging both views, Mr. Wates mentioned the growing agenda of compliance in recent years which has required companies to adapt to ever changing regulations. He also noted the need for innovation to shift towards sustainability. Mr. Wates concluded with his view on sustainability stating that it is “a collective responsibility as much as it is a deep and personal one”.



**Jan Peter Balkenende** declared that the responsibility of practicing sustainability lies in a “mix between governments, businesses and NGOs”. He noted that family businesses were naturally and intuitively playing their part in the matter as “more than 90% of family businesses engage with sustainability endeavors” through their distinct “long term vision, family values and mindsets”. He added that trust in the organization can be created by envisioning a common goal. Mr. Balkenende stressed the importance of specificity in assessing sustainable performance for businesses. Governments implementing corporate tax incentives for example are of help to supporting family businesses over the long-term.

**Marlies van Wijhe** and **Hans de Boer**, President of the Confederation of Netherlands Industry and Employers (VNO-NCW) took over with their debate called: “Building a competitive country: Business owners unite!” **Mr. de Boer** started by introducing the NL Next Level campaign which aims to promote a broad investment agenda that can keep the Netherlands at the top of its sustainability potential. The core of this new perspective, he noted, is the transition from fossil based energy to renewable, with a particular focus on digitalization. He affirmed that regional alignment makes room for globalization and the creation of a circular economy. Mr. de Boer emphasized that diversity is primordial in reaching these mentioned goals. Mr. de Boer remarked that family businesses are “too modest” as they represent a strong network but they are simply not in the public eye. **Marlies van Wijhe** shared her enthusiasm for the long outlook of the campaign and how an increased number of politicians are being convinced by long-term thinking. Mrs. Van Wijhe then elaborated on R&D by stating that “family businesses invest less in R&D but end up being more innovative”. Following Mr. de Boer’s statement regarding the visibility of family businesses, Mrs. Van Wijhe added they should showcase how sustainable they are and even encourage potential customers to be sustainable in their product choice, all the while avoiding greenwashing.

The chairman of European Family Businesses, **Alfonso Libano**, reminded the audience of the mission the founders of EFB had: “[ensuring] that family businesses have an environment that is conducive to their growth and prosperity”. The single market, he added, has proven to be a platform for family businesses to prosper. With today’s political uncertainty, “we must do all we

can to ensure that the framework and principles that we have fought so hard for are not undone by short-term reactionary politics". Mr. Libano followed by stating that the best way to counter these threats is "providing people with jobs". On the importance of the family business sector he noted that (family businesses) are the "biggest employer in the private sector [ ] maintaining on average more jobs in times of crisis than non-family businesses" and being the "real engines of continuity, renewal and growth in most countries" as well as "more effective innovators". Unstable rules on business transfers, disadvantageous tax regimes that penalize the use of equity are, Mr. Libano noted, key issues to be addressed by the EU and its member states. In addition, he stressed the need for family businesses to be recognized as their own business sector to be "better understood by policy makers". Speaking for family businesses, he urged members of the audience to "not shy away from telling the public that our values, our long-term vision, our local and regional engagement, [ ] are what drive EU economies"



**Jyrki Katainen**, vice-president of the European Commission, delivered a rousing speech about how ownership of the European project must be restored. He began his address by acknowledging that "family businesses, whether big or small, represent a model of sustainability, resilience, responsibility, and long-term business orientation". Brexit, he noted, leaves the EU confronted with "unprecedented challenges". Mr. Katainen insisted that the EU could not "give in to politics of intolerance and hatred" that come hand in hand with the current rise of populism. Mr. Katainen

summarized the different yet overlapping scenarios in which the Union could shape its future as follows: "Carrying on with full ownership; Nothing but the Single Market; Those who want to do more do more; Doing less more efficiently; Doing much more together". A number of concrete plans of action, he added, such as the Investment plan for Europe, the Single Market and the Circular economy package are already taking place. Regarding the impact of globalization on the EU, he declared that "even if the EU has greatly benefitted from globalisation overall, this means little to our citizens if these benefits are not shared fairly and evenly"; Numerous citizens are concerned with "uncontrolled migration directly threaten[in] their identities, tradition and ways of living". Mr. Katainen stated that these concerns must be acknowledged and dealt with but that "the solution lies neither in isolationism [ ] nor in a laissez-faire approach". "Instead of rule-takers we should be rule-makers", he added. With mention of implementing new rules to impede tax evasion, social dumping or to promote domestic social policies centred on education and training, Mr. Katainen stressed the importance of family business owners' participation in the debate. He stated: "We want the Member States, business and citizens to take better and more active ownership of Europe, to build the Europe they want. [ ] As owners of family business, you are well placed to know how strong and dedicated ownership combined with an ambitious vision for the future can make a difference".

**Mairead McGuinness**, vice president of the European Parliament, addressed the audience through a video recording, recognising the concerns of family businesses about the future of Europe, Brexit and other major political events. She made mention of the ongoing work at the European Parliament to support family businesses given that they "are at the core of jobs and

economic growth". Family business owners have concerns regarding Brexit, she noted, and the consequent uncertainty of the future of the single market. The access to markets, Mrs. McGuinness stated, is facilitated by the European single market and she acknowledged its importance for family businesses. With regards to Brexit negotiations, Mrs. McGuinness mentioned: "if we keep the concerns of citizens and [ ] family businesses at the core of our conversations and negotiations, we can and will do the right thing". She proceeded with inciting family business owners to consult with EU parliament representatives at every step of negotiations to ensure that the proper concerns are addressed. Concerning Brexit about the future of Europe. Mrs. McGuinness stressed that "the European Union, for all the difficulties around its formation and its continuation, is an absolute necessity for the future of our continent. [ ] It is a unique structure to be nurtured and developed". Directly following Mrs. McGuinness' statements, members of the audience were asked what words they would use to describe their expectations of the EU. "Peace", "Stability" and "Cooperation" stood out as the main terms aligning with the EU.

The second panel discussion, centered on "Global Players with European Roots". The panelists included **Alexander Schwörer**, CEO of Peri GMBH, **Jean-Marie Solvay**, Director of Solvay and **Thomas Ahlström**, Managing Director of Ahlström Family's Holding.

**Alexander Schwörer** stated that growing up and admiring his father's work convinced him that his own role as family member CEO, due to a family philosophy and legacy, would be distinguished from the role of an ordinary CEO. Concerning foreign direct investment, Mr. Schwörer reminded the audience that companies should not be overly dependent on certain markets; diversity is important. He added that businesses should "take full advantage of the diversity of Europe's population" as it would provide the opportunity to learn how to deal with different cultures and eventually enabling them to successfully conduct business outside of Europe.

**Mr. Solvay** stated that for Solvay it was crucial that "every subsidiary worldwide must integrate the values of the family company, from social to environmental." By doing so, he added, one can ensure that the client satisfaction can be consistently delivered. When quizzed on the political situation in the US, Mr. Solvay noted that he was confident that the business community has the right tools to limit any potential damage from the introduction of 'patriotic' trade policies. Explaining how damage created by a government can be reversible, Mr. Solvay added: "the strength of society is strong enough to keep society going". On the merits of going international, he emphasized the importance of expanding across borders, especially for businesses at risk of being taken over. Coming from a relatively small nation (Belgium), he added that building partnerships are also crucial to securing the long-term future of the business.

**Thomas Ahlström** described succession of the business as a complex process that is "always a topic on the agenda". He noted that decisions regarding the grooming of family members are always subject to change with regards to who to groom as well as when. Referring to Mr. Trump and his vision of international trade, Mr. Ahlström noted that certain policies could potentially hurt international supply chains but not in a competitive manner since all businesses could be affected. Finally, when asked how sustainability is viewed and approached in family firms, he noted that sustainability is inherent to family businesses given the longevity of families.

**Cees Nijman**, partner at KPMG Meijburg & Co., brought some insight on the EU's 4<sup>th</sup> anti-money laundering (AMLD4) directive. Mr. Nijman reminded the audience that the directive calls for the implementation of central UBO (Ultimate Beneficial Owners) registers in each member state. Regarding the growing concerns about privacy due to certain political actors pushing for full public access to UBO information, Mr. Nijman mentioned that the AMLD4 is subject to exceptions when concerned individuals are at risk of kidnapping, violence, and intimidation. Regarding the implementation of the directive, He noted that grave legal concerns are being raised by many Member States with regards to legality of the registers and the information they would contain.



**His Royal Highness Carlos de Bourbon de Parma**, Sustainability Expert and Director at Compazz delivered the last address explaining how a family-owned business can support a sustainable society. Family legacy, he stated, that is imbedded in a business leads to a long-term outlook in activities: "Sustainability is a mindset that should stir our decision making. Mindsets are changing, economies change with them.". He referred to the growth of the circular economy, with less product and more services. "Purpose is becoming more important than paychecks; with it comes a sense of pride for what the family business stand for". He concluded that a new kind of stewardship creates a mindset of honesty which leads to "companies with authenticity [that] will

exhibit much more resilience to future changes in the economy".

Jesús Casado closed the summit by thanking all the attendees and the various speakers. He stressed the importance of such events that promote the visibility of family businesses and the key role they play in advocating for appropriate fiscal policies. He stated that the next EFB Summit will be in the Spring of 2018 in Paris.