

A European Family Investment Company Report *Extra*

Published by Deanbridge International www.deanbridgeinternational.com

FIC Crisis Management and Survival – nine practical takeaways from family business war stories

By John Learmonth with Professor Heinrich Liechtenstein

While compiling the First Edition of our European Family Investment Company Report we learned a great deal about the history of the family businesses we researched. What amazed us was their resilience, how they survived crises like wars and economic depressions. As families today struggle to respond to Coronavirus, what are the messages, the practical takeaways from the past?

Introduction

The biggest crisis of the Twentieth Century faced by European Family Investment Companies (FICs)¹ was the Second World War. It led us to wonder what messages could be extracted from FIC histories to inform those facing Coronavirus, the biggest challenge – so far – of the 21st Century?

Of course, in some respects the two crises are very different. Unlike the Second World War, the Coronavirus will not, we all hope and pray, last for six years, leave over 50 million dead,² see cities destroyed and maps re-drawn. Equally, the Second World War did not close whole swathes of the economy, suddenly and completely. By and large, bars, restaurants, theatres and cinemas remained open as long as they could, to boost morale and buoy the local economy. However, the events are similar in that they are both profoundly disruptive, largely unexpected, and leave businesses and individuals buffeted by forces outside their control.

As such, we think there is much today's family businesses can learn from how families in the past responded to the Second World War.

Below, we outline our data and research methods, and discuss FIC histories before, during and after the Second World War. From these experiences we extract nine practical takeaways which we hope

¹ For how we define 'European Family Investment Company (FIC)' see <https://www.deanbridgeinternational.com/>.

² Roberts, A. *The Storm of War. A new history of the Second World War*. London: Allen Lane, 2009: 579.

will be of use to all those families and others reading this article. We conclude with acknowledgements, contacts and a list of cited publications.

Examples quoted from FIC histories are fully referenced so you can find out more at your convenience. In addition, we are happy to answer questions and very much welcome feedback from all. Importantly, if you have survival stories related to how your family business made it through past crises, or how it is working to survive this one, please do share. Mutual exchange of experiences can benefit us all and we are keen to add further family business histories to our reference library.

Universe, data and research methods

Our starting point is the 358 European FICs we identified and analysed for the First Edition of *The European Family Investment Company Report*.³ From there we focussed on those whose heritage businesses were founded before 1939 (as we discuss below, a few FIC heritage businesses were actually founded *during* the Second World War) giving us a subset of 175 FICs, or just under 50% of our total universe. Within this subset we looked for family war stories, either on websites (153 had one) or in books. For the latter, we have history books to hand for twelve families, admittedly a small number and one which would have been bigger had we been able to visit the British Library, currently shut down by Coronavirus restrictions. However, as we wanted to write something that families could use as soon as possible and also for a podcast deadline (see Acknowledgements below), we decided not to spend more time trying to source additional material. As you will see, even with our relatively small sample, some common *'takeaways'* emerge strongly. We will be very interested to hear from other families to know if their histories support or contradict these messages or if they can contribute new ones.

Before the Second World War

One of the differences between the Second World War and the Coronavirus crisis, is that the former was not entirely unexpected by some FICs. In Hong Kong in early 1939, Jebsen & Co, a trading business originally founded by the Danish-German Jebsen and Jessen families in 1895,⁴ transferred capital to Holland, North America and Sweden. *'The partners were wise to do so,'* comments their historians.⁵

Of course, this was not the first time Jebsen & Co had been engulfed by war. During the First World War, one of the founders, Jacob Jebsen, had arrived in Hong Kong in February 1914 *'for what he intended to be a brief visit'*⁶ and ended up not seeing home again until August 1919 after

³ Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 29 & passim.

⁴ Miller, L & Wasmuth, A C. *Three Mackerels. The Story of the Jebsen and Jessen Family Enterprise*. Hong Kong: Hongkongnow.com Ltd, 2008: 5.

⁵ Miller, L & Wasmuth, A C. *Three Mackerels. The Story of the Jebsen and Jessen Family Enterprise*. Hong Kong: Hongkongnow.com Ltd, 2008: 54.

⁶ Ibid: 38-41.

internment in Hong Kong and then Australia.⁷ Other FICs had been affected in similar ways. In the UK, the Cayzer shipping family, who today control listed FIC Caledonia, had lost 28 ships or *'fully half of its fleet'* by November 1918.⁸

Meanwhile in France, as the Wendels, who started in business in 1704 and now control a listed investment company, headed into 1939 they had already had to navigate their way through not one but two wars during the previous 70 years: seeing their steel mills in Lorraine invaded in 1870-1 and destroyed during 1914-1918. And with Spanish flu and the Great Depression interspersed between these events, it is little wonder that François de Wendel, family leader in the 1930s, was worried about unnecessary expenditure. As their historian writes: *'In interwar Lorraine it was the cautious, not the bold, who survived.'*⁹

During the Second World War

In our universe, the heritage businesses of 127 of our FICs were founded in 1914 or earlier, as were 11 of the 12 for whom we currently have history books. So, in a sense, when war was declared in 1939, they had all been through something similar before.

In the Second, more destructive and widespread World War once again FICs lost factories, ships, employees and family members as they struggled with labour shortages, currency restrictions, political interference and physical danger to keep their businesses going. *'The wars in Finland between 1939 and 1945 were troublesome for sweet drinks and lemonades,'* is the commendably understated comment by the historian of the Hartwalls, a brewing and industrial family.¹⁰ In this *'troublesome'* time family businesses tried to carry on and did what they could to survive.

And incredibly, as mentioned above, some FIC heritage businesses were actually founded by daring entrepreneurs during the war. One such was Villum Kann Rasmussen who founded his glass roofing business, V Kann Rasmussen & Co on 1st April, 1941, in Denmark.¹¹ Today, it has grown into the VKR Group, best known for his 1942 invention of the VELUX window. Meanwhile, next door in Sweden, Ingvar Kamprad founded his furniture business, IKEA, two years later in 1943 – a company that became so successful the family now has two FICs, Ikano and Interogo Holding.¹² We have six other families in our FIC database whose heritage businesses were founded between 1939 and 1945.

After the Second World War

When the war ended, our FIC families and entrepreneurs did not waste any time re-building their businesses by seeking new opportunities. And re-building they had to do. The Cayzers again had

⁷ In one of those interesting, *'small world'* connections, Jacob Jebsen's Hong Kong internment camp was on the site of today's Peninsula Hotel, controlled by Hong Kong FIC family the Kadoories.

⁸ Sinclair, D. *Uncharted Waters: The Cayzer Family Firm (1916-1987)*. UK: The Cayzer Trust Company Limited, 1st edition, 2010: 318 & 62.

⁹ James, H. *Family Capitalism*. London: Belknap, 2006: 197.

¹⁰ Enbom, S. *The Hartwall Story*. Helsinki: Hartwall Capital Oy Ab, 2012: 35.

¹¹ Rasmussen, T. *'We are daylight engineers.'* *The VKR Group – 75 years*. Hørsholm: VKR Holding A/S, 2016: 5.

¹² <https://group.ikano/about-ikano/>.

lost over half their fleet,¹³ Haniel (a private FIC originally founded in 1756 and now in its 9th generation¹⁴) most of their coal trading ships,¹⁵ and Wendel's plants had again been devastated.¹⁶

Meanwhile, the Jebsen office in Hamburg, along with all their files and documents, had been completely destroyed in a bombing raid in July 1943.¹⁷ However, they, along with other FICs on both sides of the conflict, had survived. As their historian says:

*'Battered and bruised, with hugely diminished business activities and a skeleton staff, Jebsen & Co had made it through the long, dark years of the war. Michael Jebsen now faced the daunting task of reviving the company.'*¹⁸

Some family groups began the daunting task of revival even before the war had ended. In Belgium, now-listed FIC Ackermans & van Haaren, started putting its dredging fleet to work reconstructing its country's ports as soon as Antwerp was captured by the Allies in September 1944.¹⁹

Other families leveraged expertise gained during the war. So, in Germany, Freudenberg, which started life as a tannery business in 1849, developed two new product lines, household products and nonwovens, as a result of developments it had made producing artificial leather and other synthetic products.²⁰ Many more seized opportunities presented by post-war reconstruction, as we have already seen with Ackermans & van Haaren, or Villum Kann Rasmussen who straight away in 1945 set his sights on selling VELUX windows to a rebuilding Germany.²¹ Indeed, this theme of former enemies rapidly becoming business friends and partners is a common one. For instance, Belgian group D'leteren, now a listed FIC, entered into an agreement in 1948 to import VW cars²² and Freudenberg built its first overseas factory, in the US, two years later.

Practical takeaways

We suggest nine practical takeaways from these war stories of possible use to today's family businesses who are operating under the many constraints of the Coronavirus crisis. These nine, we stress, are not presented in order of importance. As each family is different and will have its own priorities during this challenging time, some of the takeaways may resonate more than

¹³ Sinclair, D. *Uncharted Waters: The Cayzer Family Firm (1916-1987)*. UK: The Cayzer Trust Company Limited, 1st edition, 2010: 162.

¹⁴ Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 107.

¹⁵ James, H. *Family Capitalism*. London: Belknap, 2006: 197.

¹⁶ Ibid: 203.

¹⁷ Miller, L & Wasmuth, A C. *Three Mackerels. The Story of the Jebsen and Jessen Family Enterprise*. Hong Kong: Hongkongnow.com Ltd, 2008: 146.

¹⁸ Ibid: 59.

¹⁹ *The Family Years*. Antwerp: Ackermans & van Haaren, 2008: 19.

²⁰ *The History of the Freudenberg Group 1849-2016*. Weinheim: Freudenberg & Co. Kommanditgesellschaft, 2016: 12-13.

²¹ Rasmussen, T. *'We are daylight engineers.'* *The VKR Group – 75 years*. Hørsholm: VKR Holding A/S, 2016: 17.

²² <https://www.dieteren.com/en/history>

others. However, we would argue that each one carries, to a greater or lesser extent, relevance for all family businesses.

1. Perseverance

'Keep Buggering On' was Winston Churchill's 'maxim for soldiering through situations'.²³ Persevere, keep going, and adversity will be overcome. While at the moment FICs, indeed all of us, are wondering when the current crisis will end, they need to 'Keep Buggering On', by keeping on doing the things they do best - running their businesses, looking after their families and co-workers, enforcing their values.

And persevere is something Michael Jebsen had to do, even when the Second World War was finally over. In August 1945, he found himself the sole shareholder and surviving partner. The world war had finished but civil war still raged in China between the KMT and communists. There would be many challenges for his business in Asia in the years ahead. At this very difficult time he wrote to his brother in Denmark:

*'We will probably never know complete peace again. Perhaps we shall have to get used to the idea that in future the difference between war and peace will become blurred and there will be a bush fire which burns here and there and then goes out. The main thing is that we survive.'*²⁴

And with survival comes hope and opportunity.

2. Leadership

Good leadership is always important. The twelve families for whom we have full histories had strong, effective and capable leaders, if not always correct or agreeable. And in times of crisis you need truly great ones who lead by example. Two excellent examples can be found in post-war Germany.

At Bertelsmann, Reinhard Mohn returned from an American POW camp to find his hometown of Gütersloh destroyed and his business wrecked.

'A passionate walker, who would easily hike 30 km on the weekends as he mulled over the challenges at hand, Mohn sensed what the people in Gütersloh expected from him. His eldest brother was killed in the war; the second brother was missing in action, his father Heinrich Mohn seriously ill. He never forgot the fact that the employees in Gütersloh worked side by side with him in the cold and the wreckage, clearing the rubble to get the business up and running again. The leadership experiences he was forced to gain as a young officer during the Second World War helped him deal with the many

²³ Roberts, A. *Churchill. Walking with destiny*. London: Allen Lane, 2018: 654.

²⁴ Miller, L & Wasmuth, A C. *Three Mackerels. The Story of the Jebsen and Jessen Family Enterprise*. Hong Kong: Hongkongnow.com Ltd, 2008: 60.

challenges of managing the business. Even in his first speech to the company's remaining employees in the winter of 1946/47, he was guided by a clear directive: "You have to persuade people."²⁵

No wonder the business today holds him up as the 'Entrepreneur Par Excellence' role model.²⁶

Alexander Schoeller also returned from an American POW camp in 1945 to find that he had to start again.

*'Alexander scraped by as a taxi driver and by selling cigars and tyres before he took the chance to start again. He bought a wood saw on credit and built a production hall in an old airfield in Göttingen, to produce wooden bottle crates again. The Schoeller wooden bottle crates went to every corner of Germany from Göttingen on their own freight trains by the beginning of the 1950s. In 1952, Alexander Schoeller & Co was producing 5000 crates a day, along with wooden barrels and oak parquet flooring.'*²⁷

No wonder today one of his sons describes him as an 'unbelievable startup entrepreneur – he started with absolutely zero.'²⁸

FICs will need leadership like this during and after the Coronavirus crisis.

3. Luck

Many of the families we looked at for this article might be thought of as lucky in having great leaders in times of crisis, and certainly luck plays a role in the stories of how families survived the Second World War. Both Reinhard Mohn and Alexander Schoeller might be considered lucky to have been POWs and thus survived the war. Some also had lucky encounters while serving in the forces, showing that good can come out of bad. For Kay Hartwall, serving as a lieutenant in a coastal fort proved to be lucky as he met Karl 'Ossi' Hamström. He offered him a job at the family's still small manufacturing business K Hartwall, and Ossi stayed until his retirement in 1969.²⁹

Earlier, in the First World War, the UK Scott family, today proprietors of FIC Applerigg, had a lucky break, although it probably did not seem that way at the time. Sir James Scott, founder of their heritage business, The Provincial Insurance Company, died in 1913 and his sons, Samuel and Francis found themselves suddenly and unexpectedly in charge of the business. War started the following year but luckily, as their family history starts, both brothers *'were exempt from military service because of age and ill health. If this had not been so, it is probable that the Provincial would have been sold.'*³⁰

²⁵ <https://www.bertelsmann.com/company/history/reinhard-mohn/>.

²⁶ Ibid.

²⁷ Schoeller, Martin & Christopher (Eds). *Schoeller. 500 years of corporate responsibility, tradition and innovation*. Munich: Schoeller Industries, 2016: 64.

²⁸ Speaking in video found at <https://www.schoeller.org/#companies>.

²⁹ Enborn, S. K Hartwall Oy Ab 1932-2002. From cork to container. Sibbo: K Hartwall Oy Ab, 2003: 7 & 12.

³⁰ Westall, O. M. *The Provincial Insurance Company 1903-38. Family, markets and competitive growth*. Manchester: Manchester University Press, 1992: 109.

Luck is an issue we discuss in our Report. How it helps FICs and how they can help 'make' their own luck through their values, hard work and perseverance. Luck in their leadership? Right man in right place? Perhaps. But also, good family business culture tends to breed good leaders. For example, at Ackermans & van Haaren, for a family member to serve the company they must be capable.

*'One constant in the history of Ackermans & van Haaren is the presence of the founding families and their descendants in the management of the firm. Within this tradition, competence is the most important criterion for a position on the board of directors and in the management of the company.'*³¹

In short, you do not get the job just because you are the eldest son.

Equally, as we have seen, the Jebsons made their own 'luck' by transferring assets out of Hong Kong before the Second World War. While every company will suffer from the impacts of the Coronavirus, history suggests that some will benefit from the dislocation it causes. Maybe their supply chain is stronger than their competitors, or their technology can meet a communication or delivery need of the moment? Fortune is a two-sided coin and the lucky family business will prosper from its toss. For all the others? As we have seen, families can make their own luck such as by being diversified (see discussion in takeaway 9 below), by spreading their risk and not being dependent on one business sector or a single country. Those not yet diversified can, we suggest, take heart from the example of successful family businesses in the past who knew to stick to their values, work hard and persevere and, in so doing, made their own 'luck'.

4. Getting organised

Apart from Villum Kann Rasmussen in Denmark, the other FICs for whom we have histories were founded well before 1939. They were already established and organised – as their survival of the Second World War evidences. Indeed, the first takeaway in our Report is 'Getting organised'.³² Those families who have organised themselves and their governance, who have clear rules for managing the family and how the family interacts with the business, stand a much better chance of surviving in the long-term (and, as we have just seen, of making their own 'luck').

But, as we make clear in our Report³³, each family must 'do' governance in their own way. As we can see in the family histories, 'Getting organised' manifests itself in different ways. We have already seen above how the Ackermans & van Haaren tradition is for family presence in management. At Haniel however, the family had stopped playing a management role in the late 19th century, working with a series of strong non-family managers such as Paul Reusch, who led their main business through the First, and most of the Second, World Wars.³⁴

³¹ *The Family Years*. Antwerp: Ackermans & van Haaren, 2008: 10.

³² Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 129.

³³ *Ibid*: 113 & passim.

³⁴ James, H. *Family Capitalism*. London: Belknap, 2006: 206 & passim.

It might be supposed that all FICs will be reviewing their governance to check it is robust enough to face a crisis like Coronavirus.

5. Reputation, values and the importance of intangible assets

'Getting organised', however, goes beyond tangible entities such as boards, councils and shareholder agreements. It also speaks to organising vital intangible elements such as the values and traditions which support successful families. At Freudenberg, the founder, Carl Johan, wrote down his business principles when his sons became partners in the business, way back in 1887.

*'Modesty, honesty, a solid financial foundation and the ability to adapt to the respective changes are Carl Johann Freudenberg's most important principles for successful entrepreneurship. Today, these Guiding Principles form the basis of Freudenberg's Business Principles.'*³⁵

These values and principles generate and underpin a family's standing in business, in its community, how the world sees it, its reputation in other words. According to Shakespeare's *Iago*, reputation is often *'lost without deserving'*³⁶ and he might have added in the current environment, without thinking as well. Ill-judged actions which might before a crisis pass unnoticed, run the risk during one of being highlighted and damaging the business (there is a growing list of *'Lock-down Villain'* businesses, certainly in the UK). For a FIC that has built its reputation over generations on a firm set of communicated values this would be a disaster. Our Report clearly shows the importance FICs place on their values and how they are communicated.³⁷ In times of crisis successful family groups will be protecting their reputation by evaluating every action they might take, every statement they make, in the light of their values and from all possible angles, regardless of how insignificant it might appear at first glance.

The consequences of getting crisis responses wrong are clear. As are the rewards. Maintaining a FIC's reputation and sustaining a network of connections and goodwill, can help it recover quickly after a crisis. Or so it proved for Haniel following the Second World War. While the Allies worked hard post-war to break up the large German corporations and separate steel from coal, they were unable to bypass the intangible networks of informal contacts based on the family's multi-generational reputation. These networks allowed the business to be re-built. *'Tackling the issues that arose out of the splitting up of corporations often required an emphasis on informal contacts, such as those that existed above all in family groupings. In this way, decartelization gave a new impetus to the formation of German-style family capitalism,'*³⁸ writes their historian.

6. The importance of tangible, human assets

One of the key traits many, if not most, FICs stress is their duty of care to their staff: the FICs as the *paterfamilias* to their *'family'* of workers. The value of this approach is reflected by the long

³⁵ *The History of the Freudenberg Group 1849-2016*. Weinheim: Freudenberg & Co. Kommanditgesellschaft, 2016: 5.

³⁶ Shakespeare, W. *Othello*. Act 2, scene 3.

³⁷ Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 41, 42, 100, 101 & passim.

³⁸ James, H. *Family Capitalism*. London: Belknap, 2006: 275.

and loyal service non-family workers give to family-owned businesses. There are many examples. Fred Bedford served the Cayzers, latterly as General Manager of Clan Line Steamers, retiring in 1945 after 44 years' service; he in turn was replaced by J G Dumsday, who joined the firm in 1910 and retired in 1959 after almost 50 years' service.³⁹ In Hong Kong, one sole Chinese employee, Ah Pui, stayed on to keep the Jebsen office going during the Japanese occupation and he was still with the company to see handover to China in 1997.⁴⁰

This care is extended by many FICs to their local community as well (as we show in our Report, the town and region where a family comes from is an important part of many FICs' identity).⁴¹ In Finland when Erik Hartwall died suddenly in February 1939, the *'villagers, neighbours and employees pay tribute to Erik Hartwall, both as employer and as the man behind Gumbo Road, by covering the entire 3km length up to the Porvoo Road with fir branches.'*⁴² Those FICs which have nurtured such employee and community loyalties should be well served during the current crisis. Those that have not, might be advised to start now.

As an additional practical note, although it happened some years before the Second World War, Freudenberg came up with a scheme to look after its workers during the Great Depression.

*To secure the jobs of what are now more than 3,500 employees, the management develops its own short-time working model. One half of the workforce continues the production, while the other stays at home: they change roles every two weeks. Employees and their families thus have a chance to get through the difficult period of the global economic crisis.*⁴³

This care continued after the Second World War when in 1949, to mark its 100th anniversary, the company instigated the *'Wohnbauhilfe'* programme to help workers acquire their own homes, with 13,000 being created to date.⁴⁴

7. Dealing with government

Most businesses steer well clear of government in normal times. In times of crisis they are forced to engage. During the Second World War the families we studied were told what to produce, who to employ, and where they could and could not trade. Family members were conscripted into the forces and currency restrictions imposed. What some of the families were forced to do by governments during the Second World War and what they had to do to survive, remains, understandably, a sensitive issue.

³⁹ Sinclair, D. *Uncharted Waters: The Cayzer Family Firm (1916-1987)*. UK: The Cayzer Trust Company Limited, 1st edition, 2010: 144, 168-169.

⁴⁰ Miller, L & Wasmuth, A C. *Three Mackerels. The Story of the Jebsen and Jessen Family Enterprise*. Hong Kong: Hongkongnow.com Ltd, 2008: 58.

⁴¹ Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 40.

⁴² Enbom, S. K Hartwall Oy Ab 1932-2002. From cork to container. Sibbo: K Hartwall Oy Ab, 2003: 7.

⁴³ *The History of the Freudenberg Group 1849-2016*. Weinheim: Freudenberg & Co. Kommanditgesellschaft, 2016: 8.

⁴⁴ Ibid: 14.

Some families, like the Cayzers in the UK and the Wendels in France, were very engaged politically, with family members serving as members of parliament. Others, such as the Haniels in Germany and, again, the Wendels, were active in what Professor James calls '*business politics*',⁴⁵ serving on industry associations and lobbying groups, especially important in their '*strategic*' businesses of coal and steel which were of special interest to government.

In today's Coronavirus crisis government everywhere has become highly active in business again. It decides which businesses must close and which may stay open, as well as, in many countries, offering significant financial support. Many families will be renewing their political connections and leveraging trade association memberships in order to understand what they must do and how they can get help. In this environment, families will need the support of family business associations, under the FBN International umbrella, even more than usual.

8. Entrepreneurship – flexibility, planning now for tomorrow, opportunity in adversity

The FICs we studied showed, we feel, entrepreneurship in three different ways as they faced the crisis of the Second World War, and we define entrepreneurship as we do in our Report as, '*the ability to grasp new opportunities and get involved in new businesses generally not just startups*'.⁴⁶

The first is flexibility, the ability to adapt quickly to the new crisis environment. Coronavirus examples include distillers making hand sanitiser from alcohol and fashion houses making face masks not *haute couture*. During the Second World War, while trapped in Shanghai, Heinz Jessen and Michael Jebesen were forced to stop trading and sell stocks of food, medicine and other commodities to keep their business going, putting all employees, including themselves, on subsistence wages. Meanwhile, their office in Tientsin survived by offering car and motorbike repairs.⁴⁷

The second is planning now for tomorrow. In 1944, sensing the war was entering its final phase and seeing the challenges and opportunities ahead, Bertie Rotherwick, then Chairman of the Cayzer family business, ordered three new ships.⁴⁸ Around the same time he was also speaking publicly about the future potential of air transport, a business his family entered in the 1950s.⁴⁹

And thirdly, there is opportunity in adversity. We have already discussed how family groups like Ackermans & van Haaren and D'Ieteren, and entrepreneurs such as Villum Kann Rasmussen seized opportunities presented by post-war re-building, even putting aside former differences to do business with the '*enemy*'. The current Coronavirus crisis will also present opportunities to FICs after it has passed. However, they will have to look to their values to ensure the way they take advantage of those opportunities enhances rather than diminishes their reputation (see

⁴⁵ James, H. *Family Capitalism*. London: Belknap, 2006: 231.

⁴⁶ Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 115.

⁴⁷ Miller, L & Wasmuth, A C. *Three Mackerels. The Story of the Jebesen and Jessen Family Enterprise*. Hong Kong: Hongkongnow.com Ltd, 2008: 59.

⁴⁸ Sinclair, D. *Uncharted Waters: The Cayzer Family Firm (1916-1987)*. UK: The Cayzer Trust Company Limited, 1st edition, 2010: 135.

⁴⁹ Ibid: 135 & 202.

discussion above). FICs will want to be seen as supportive, entrepreneurial and farsighted – not as avaricious asset strippers.

Driven by necessity, crises can often be cauldrons of creativity. A recent email from a university reminded us that the theories of gravity and motion were developed while Isaac Newton was working from home during the Great Plague and that Shakespeare wrote King Lear while theatres were shut due to disease.⁵⁰

9. Diversification – spreading the risk

All the family groups quoted in this article are FICs by our definition today. While many were not 'formal' FICs in 1939, many were diversified, either by sector or geographically, or both. For instance, the history of Ackermans & van Haaren, founded in 1876, says: *'The families and the firm had already taken participations in other companies by the end of the 19th century including in the banking sector. They had also started businesses both at home and abroad.'*⁵¹ With the latter, the firm was already active in Argentina before the First World War and expanded further into Africa, SE Asia and the middle east in the interwar period.

While the Coronavirus crisis is global, its business effects are selective. It is severely damaging some sectors – hotels, aviation, restaurants, entertainment – while others – food retail, ISPs, streaming services – can hardly keep up with demand.

One of the central propositions in the First Edition of our European Family Investment Company Report is that *'the practices of FICs suggest an important entrepreneurial blueprint for the long-term survival and prosperity of family businesses.'*⁵² In a crisis such as in 1939-1945 or the one today, we feel the survival of a family-in-business organised as a FIC with a portfolio of businesses and assets will be much less threatened than one focussed on one business or sector. One FIC portfolio business can decline, or even expire, and not threaten the whole. Equally, the FIC can divert resources to support parts under attack without putting everything at risk.

Many smaller and younger family businesses may not yet have had the luxury of diversification. However, the current crisis may force many to diversify for the first time and also to consider how in the future they can do so, and how they can spread their risk by having resources outside the heritage, core business and beyond their home region.

London, 30th March, 2020.

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⁵⁰ Email received by John Learmonth 23rd March 2020.

⁵¹ *The Family Years*. Antwerp: Ackermans & van Haaren, 2008: 20.

⁵² Learmonth, J & Liechtenstein, H. *The European Family Investment Company Report, First Edition*. London: Deanbridge International, 2019: 11.

Acknowledgements

We would like to acknowledge the help and input of the following in the preparation of this article:

Elizabeth Bagger, Director General, Institute for Family Business, UK - <https://www.ifb.org.uk/>.

Russ Haworth, The Family Business Consultancy and host of the Family Business Podcast, UK - <https://thefbc.co.uk/>.

Simone Møkster, Managing Director, Family Business Norway - <https://familybusinessnorway.no/>.

Alexander Scott, Executive Chairman, Applerigg - <https://applerigg.com/>.

The article was discussed by John Learmonth with the above people in a podcast which is available here <https://player.captivate.fm/episode/73908923-0f77-4ce2-b201-40ccf09f8695>

Edited by Kelly McCarthy

A Polite Request

This article is made freely available to family businesses, all those who work for or with them, or anyone else who is interested – please do feel free to pass it on. We hope it is of use in these challenging times. We will be happy to answer any questions or discuss the article further – contacts are below.



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