

## Succession



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### Bilanz-Talk: Entrepreneurship as a way of life

12.05.2009 Succession planning takes time, especially as it increasingly needs to be dealt with outside the family itself, as a study by the University of St. Gallen shows. At the Bilanz talk, Karin Lenzlinger, Walter A. Brunner, Sabine Bellefeuille, Gabriela Manser and Hans Baumberger spoke about how this worked in practice within their own SMEs.

For 17 years, Gabriela Manser – Businesswoman of the Year 2005 – worked as a kindergarten teacher before taking charge of the firm Mineralquelle Gontenbad AG in 1999. "When my father first began to look at the succession question, a sale seemed the most likely option as neither I nor my sister had shown any interest. It nevertheless transpired that it would be virtually impossible to sell the firm without jeopardizing jobs. The whole affair took around 10 years to sort out. At the same time, Gabriela Manser had been developing leadership qualities as school head and was therefore suitably equipped to take up an entrepreneurial challenge. "The discussions on the family council took another year at least, because I wanted everything to be clearly set out before it all kicked off. We also had to come up with a set of rules that all members of the family would be happy with. To prevent our emotions from taking us down the wrong track, we sought a lawyer's advice.

Succession planning at the Zurich-based company, Burri public elements AG, wasn't on the agenda for Sabine Bellefeuille-Burri either. Indeed, the daughter of the family had been preparing to start up a new business in the US. But when her uncle stepped down from the metals business and her 60-year-old father began to think about handing over, Sabine "took over the reins on behalf of my brother, who at the time was studying at the Federal Institute of Technology in Zurich." Both of them suddenly realized that together they formed a real dream team. "What's important with this kind of 50/50 solution is that you don't have one party doing all the work, and that both parties get to play their part in managing the firm." They got their father to sign a "declaration of delegation," which made clear that hundreds of workers had built the company up over four generations and that they would retain their jobs for a further generation – before handing over to the next link in the chain on acceptable terms.

In his SME study "Successful Succession Planning," Frank Halter from the Center for Family Business at the University of St. Gallen identified the fact that more and more companies are being handed over to people from outside the family itself. One example was cited by Walter A. Brunner, the former chairman of Grasshopper Zurich. He had gone to the Federal Supreme Court in a dispute with an Austrian group over the company name of Strabag – but ultimately ended up signing an amicable succession deal with his erstwhile adversary. A non-family solution also proved to be the answer for Hans Baumberger, chairman of the board of directors and biggest shareholder in Langenthaler Merkur Druck AG. "When the current CEO wanted to step down, we as directors



decided to look for an entrepreneur type who would run the firm as CEO and majority owner." This actually came about in two stages, and also required us to pay a lot of attention to the interests of our smallest shareholders.

Contrary to the firm's name, Lenzlinger Söhne (or "Sons") AG, a renovation/fitting-out firm based in Uster/Nänikon, is headed up by two women representing the fifth generation of the family: Karin Lenzlinger has served as CEO since 2000, and Annette Lenzlinger Vandenbroek as chairman of the board of directors. Father Urs retired from the board of directors in 2005 after 40 years, thus quitting the firm entirely. "I became a teacher in order to stand on my own two feet as quickly as possible. When a company takeover then seemed to be in the offing, there were extensive discussions at the kitchen table," says Karin Lenzlinger. "Over a period of several years, we looked at all possible models until we found the best solution." The two sisters' brother also works for the firm sometimes; however, his focus is more in the art world and that is why he was never involved in managing the firm.

These five concrete examples prompted the audience at Zurich's Lake Side to reflect on their own company situation; it soon became clear that there was no panacea – just a series of cleverly devised individual solutions. The panel discussion led by Dirk Schütz, editor-in-chief of Bilanz, highlighted the fact that succession planning needs to be considered as early in the day as possible – but this is not easy at all if you still have a lot more than 10 years ahead of you as an entrepreneur – like Gabriela Manser, Karin Lenzlinger, and Sabine Bellefeuille. Comments about the way entrepreneurs feel proved illuminating. "Entrepreneurship is a way of life," one participant claimed. "Once an entrepreneur, always an entrepreneur – even if you no longer have a business to run." Entrepreneurs are ready to take responsibility but also accustomed to taking the big decisions themselves. That much became clear when the discussion turned to getting advice from external experts. "The banks should mainly be giving me information and advising me so that I can make my own decisions," said Sabine Bellefeuille. She cannot imagine letting go of the reins on fundamental issues. Nevertheless, she agreed with other participants that there were frequent situations where you're dependent on external support.

According to Hans Baumgartner, who is Head of Swiss SMEs at Credit Suisse, advising is about assisting an important step in the history of the business and in the life of the entrepreneur – assistance that is based on a relationship of trust. "As there are a lot of financial aspects to consider in relation to succession planning, a bank can provide the entrepreneur with valuable services," says Baumgartner. "There are three primary reasons for having Credit Suisse as your partner: First, our affinity with SMEs – based on the fact that we work with around 100,000 corporate clients. Second, our structured advisory process, which ensures the right steps are taken at the right time; third – and finally – our integrated approach, which takes account of the needs of the enterprise and of the entrepreneur at the same time. To this end, we have trained special advisory teams."

Hans-Ulrich Meister, CEO of Credit Suisse Switzerland, pointed to the significance of both big banks in terms of lending to SMEs: Together they account for more than half of all loans. "As far as Credit Suisse is concerned, we have not altered the terms and conditions attached to loans," said Meister. "Last year we actually increased our total loans in corporate and private client business in Switzerland by another four billion Swiss francs. So there can be no talk of a credit crunch at Credit Suisse." If the economic situation remains tense or gets even worse, Meister concedes that some firms that will have trouble meeting existing lending criteria. "As CEO of Credit Suisse Switzerland, however, I find the current situation much more positive than the economic forecasts and media headlines would have us believe. Day-in, day-out, I myself encounter companies that are fully capable of coping with the current challenges. Many actually regard them as an opportunity, because they are more flexible and innovative than their foreign rivals."

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